State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2003

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2003

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Olene S. Walker ..... Governor
Gayle F. McKeachnie ..... Lt. Governor
Auston G. Johnson, CPA ..... State Auditor
Edward T. Alter, CPA ..... State Treasurer
Mark L. Shurtleff ..... Attorney General
L. Alma "Al" Mansell ..... President of the Senate
Martin R. Stephens ..... Speaker of the House
Christine M. Durham ..... Chief Justice, Supreme Court

OTHER STATE OFFICIALS

S. Camille Anthony ..... Executive Director, Dept. of Administrative Services
Kim S. Thorne, CPA ..... Director, Division of Finance
Richard K. Ellis ..... Director, Office of Planning and Budget
John E. Massey ..... Legislative Fiscal Analyst
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.

State of Utah
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November 14, 2003

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2003 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A–3–204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

The Report. The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal officials, this transmittal letter, and the state organization chart. The Financial Section contains the State Auditor's report; Management's Discussion and Analysis (MD&A); the Basic Financial Statements, which includes the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, and fiduciary funds, together with notes to the Basic Financial Statements; Required Supplementary Information, which includes budgetary comparison schedules and information about infrastructure assets; and Supplementary Information, which includes combining financial statements and schedules for individual funds. The Statistical Section provides a history of selected financial and demographic information.

This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

Internal Control. The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Independent Auditors. In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Utah State Auditor's Office in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A–133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report and will be available at a later date.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 10, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the state's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

Budgetary Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions, or she may call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position.

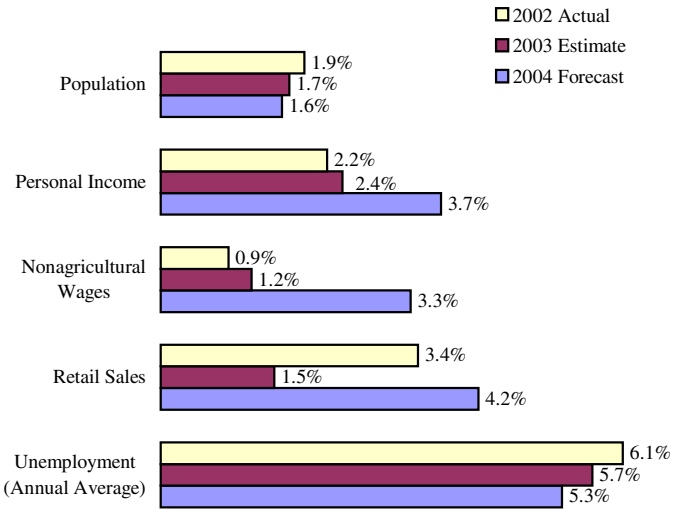
Spending Limitations. As explained in the notes to Required Supplementary Information on page 105, the State has an appropriation limitation statute that limits the growth in state appropriations to relative increases in population, personal income, and inflation. The statute also caps the state-mandated property tax rate at the level set July 1, 1989. For the fiscal year ended June 30, 2003, the State was $313.1 million below the appropriations limitation. The State is currently below the fiscal year 2004 appropriations limitation by $396.9 million.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits fell 0.7 percent in 2002 but are expected to rise 9.4 percent through the end of 2003 as market signals begin to improve. The national unemployment rate is expected to remain near 6.1 percent for the next two years, up from 5.8 percent in 2002. Utah's economic indicators have mirrored these national trends, though the State seems to have faired better overall than many states across the nation.

Utah's unemployment rate is expected to decline to 5.7 percent during 2003 before falling to 5.3 percent in 2004. This is a modest decrease from the 6.1 percent 2002 rate. With continued high unemployment, growth in personal income and nonagricultural wages is expected to be a modest 3.7 percent and 3.3 percent, respectively, in 2004. Although retail sales are estimated to rise 1.5 percent in 2003 and 4.2 percent in 2004, these estimates are well below the average growth of the past decade. The value of home construction is projected to reach an all-time high of $2.8 billion during 2003. Housing is expected to soften during 2004, but remain at near record highs as low interest rates continue to drive construction. While Utah's economy has shown signs of improvement through increased employee productivity gains, job growth will be required for Utah to enter into a new period of economic expansion.

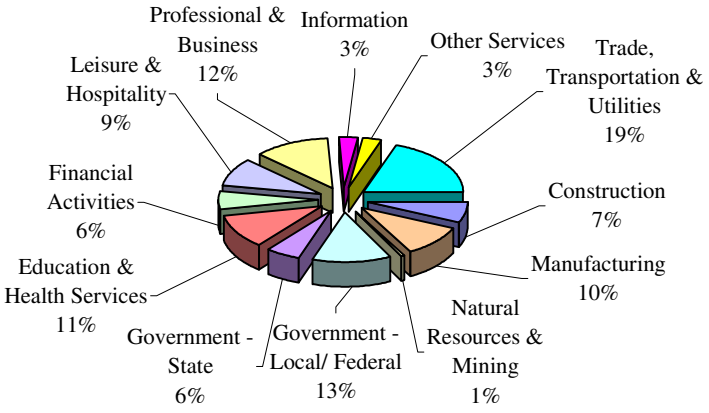
Utah Economic Indicators
Annual Percent Change



Source: Council of Economic Advisors

Industries. The number of nonfarm wage and salaried jobs has remained unchanged in 2003 but is expected to rise 1.3 percent in 2004. Since September 2002, the most significant percentage increases were experienced in education and health services, and financial activities (finance and real estate services) at 2.6 percent and 2.2 percent, respectively. It is expected that the education and health services sector will continue to grow when the overall economic recovery returns; however, rapidly rising health care costs, unless curbed, may ultimately slow growth in this sector. The financial activities sector's growth is largely due to historically low mortgage rates that precipitated a large amount of real estate transactions and mortgage activity. The most significant declines were in natural resources and mining, and manufacturing at 4.2 percent and 1.8 percent, respectively. Manufacturing lost 2,100 jobs as durable goods producers trimmed their workforce by 3.5 percent, offset by modest increases in jobs of non-durable goods producers. Professional and business services, a key sector of high-wage and knowledge-based jobs has shown recent signs of improvement and is currently down a modest 0.5 percent for 2003. Growth in government employment was entirely within federal and local positions, mostly due to the new school year adding jobs to local school districts. State government jobs have declined slightly as a result of budget cuts and will likely see further reductions through 2004.

Components of Utah's Labor Force
September 2003



Outlook. While Utah's economy is expected to remain flat or only moderately improve in the near term, the State's industrial structure continues to be well balanced and diversified with a broad base of businesses and a solid technology and transportation infrastructure. Combined with a young and highly educated workforce, the State is positioned well for positive long-term economic growth.

MAJOR INITIATIVES

Public Education. With an expected influx of approximately 100,000 new students by the year 2010, and absent new methods of funding that do not overtax our citizens, continued stagnation in the economy has the potential to severely impact funding that is available for education. With this in mind, the Governor and Legislature have instituted programs designed to make the State's education system more efficient with the limited resources available while holding schools and administrators accountable for the resources they receive.

Competency-Measured Learning. Senate Bill 154 of the 2003 General Session directs the State Superintendent of Public Instruction to: focus on core academics, increase graduation requirements, ensure that high school seniors are progressing in challenging courses, and implement competency standards for progress and graduation. This initiative is early in its development and the State Superintendent, Governor, and Legislature are expected to continue to address its implementation and funding challenges in 2004.

New Jobs. Utah continues to be seriously impacted by the national economic downturn. There are many citizens who are unemployed and struggling to meet their financial obligations.

Health Informatics. During the past fiscal year, the Governor announced that funding through the State's Industrial Assistance Program will be provided to two companies to create 1,000 new jobs over the next three years in a field called health informatics. This field includes medical billing services, electronic data exchange, electronic medical accounting, medical transcription services, management services, and purchasing support.

GenData. The State has also provided funding through the Industrial Assistance Program to a biotechnology/human genetics project called GenData. GenData will manage the Utah Population Database which includes vital statistics, clinical and genetic information from volunteer participants, and historical information concerning Utah families. In time, the information provided by this project is expected to be instrumental in curing disease, speeding the delivery of new developments to market, and provide significant opportunity for adding thousands of jobs to the biotechnology sector of Utah's economy.

Health Care. With the rising cost of health care, it is becoming increasingly more difficult for Utahns to find affordable health insurance. Approximately 199,000 Utahns or 8.7 percent of the population lacks health insurance coverage, according to a 2001 Utah Department of Health, Health Status Survey. About 145,000 of these individuals are adults. In addition to the basic Medicaid Program, the Utah Department of Health administers two related health programs to combat this problem.

Primary Care Network (PCN). On July 1, 2002 the Utah Department of Health launched the PCN which provides health coverage for eligible adults ages 19 to 64 who meet income guidelines and cannot afford other insurance coverage. Approximately 17,000 adults have enrolled in the program since it began. Maximum enrollment in the program is 25,000. The PCN was made possible through a federal Medicaid waiver. Utah is the only state with federal authority to implement this health care benefit program. The State and federal government provide approximately $4.8 million and $11.2 million, respectively, to the program. Beginning August 1, 2003, the PCN began receiving applications for the PCN Covered at Work Program. Covered at Work will assist up to 6,000 low-income, employed adults, who have access to health insurance through their employer by reimbursing a portion of their health insurance premium.

Children's Health Insurance Pool (CHIP). CHIP provides low cost health insurance to eligible Utah children of families who meet income guidelines and would otherwise not have access to affordable health care. In the five years since CHIP's inception, approximately 61,000 Utah children have been enrolled in the program, with an approximate current enrollment of 24,000 children. CHIP is funded by the State and Federal government, with some cost sharing from enrollees through minimal co-payments and premiums. CHIP receives four federal dollars for each state dollar, with all of CHIP's state funding coming from a portion of the Tobacco Master Settlement Agreement. As a result of House Bill 72 of the 2003 General Session, the State has begun providing an additional $1.5 million to the CHIP program. This brings annual state funding to approximately $7.0 million. This funding increase will allow an additional 4,000 children to enroll in the program.

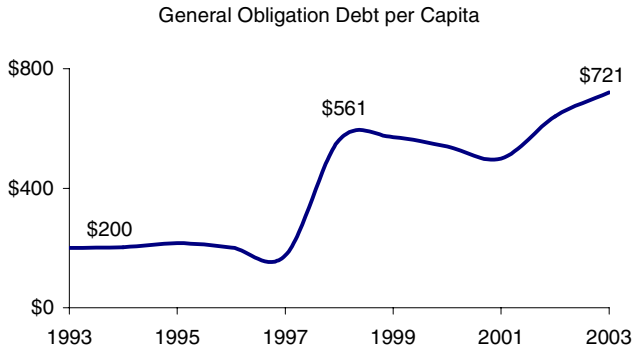
E-Government. Under the direction of the State's Chief Information Officer, the State's information technology professionals, department heads and others continue to make great progress on achieving the Governor's vision of using technology to make state government services more efficient and accessible. The State currently offers well over 100 services with live 24/7 customer support on its Web site Utah.gov. More services are being routinely added in an effort to reach the Governor's goal of having all appropriate state government services online by 2004.

2003 Best of Web. The State's commitment to digital government has not gone unnoticed. Utah.gov was recently named the best state government Web portal in America by the Center for Digital Government, an international research and advisory institute on information technology in government and education.

FINANCIAL INFORMATION

Cash Management. As further explained in Notes 1, 3, and 4 to the Basic Financial Statements, cash is controlled by the State Treasurer or by other administrative bodies as specified by law, and investments are made in compliance with the State Money Management Act (*Utah Code,* Title 51 Chapter 7). All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings. The Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, obligations of the U.S. Treasury, commercial paper, and repurchase agreements. Certain investment pools may invest in corporate bonds and equity securities.

Debt Administration. The State's general obligation bonded debt jumped significantly in 1998 due to issuing bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. Total general obligation debt remained fairly stable from 1999 through 2001. In fiscal year 2002 and 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing more bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal year 2003, the State also refunded or advance refunded $413.675 million of general obligation bonds to take advantage of historically low interest rates. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



Risk Management. The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts. The property self-insurance limits for fiscal year 2003 were $1 million per claim, with an annual aggregate of $2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

Pension Plans. The Utah Retirement Systems (URS) defined benefit pension systems' combined total net assets decreased by $1.1 billion, or 8.9 percent during calendar year 2002. The decrease was primarily due to the downturn in equity markets and increasing benefit payments. Operations of the pension systems continue to be managed based on sound actuarial funding principles and this decline does not impair the pension funds ability to pay promised benefits to retirees. Although contribution rates for the State and other participating governments may increase in the near term, the pension systems are poised for the opportunities and growth an improving national economy will bring.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the eighteenth consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

CONCLUSION

We hope this report provides data useful in evaluating the financial activity of the State of Utah. We express our appreciation to the budget and accounting officers throughout state government and to the State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

Kim S. Thorne, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

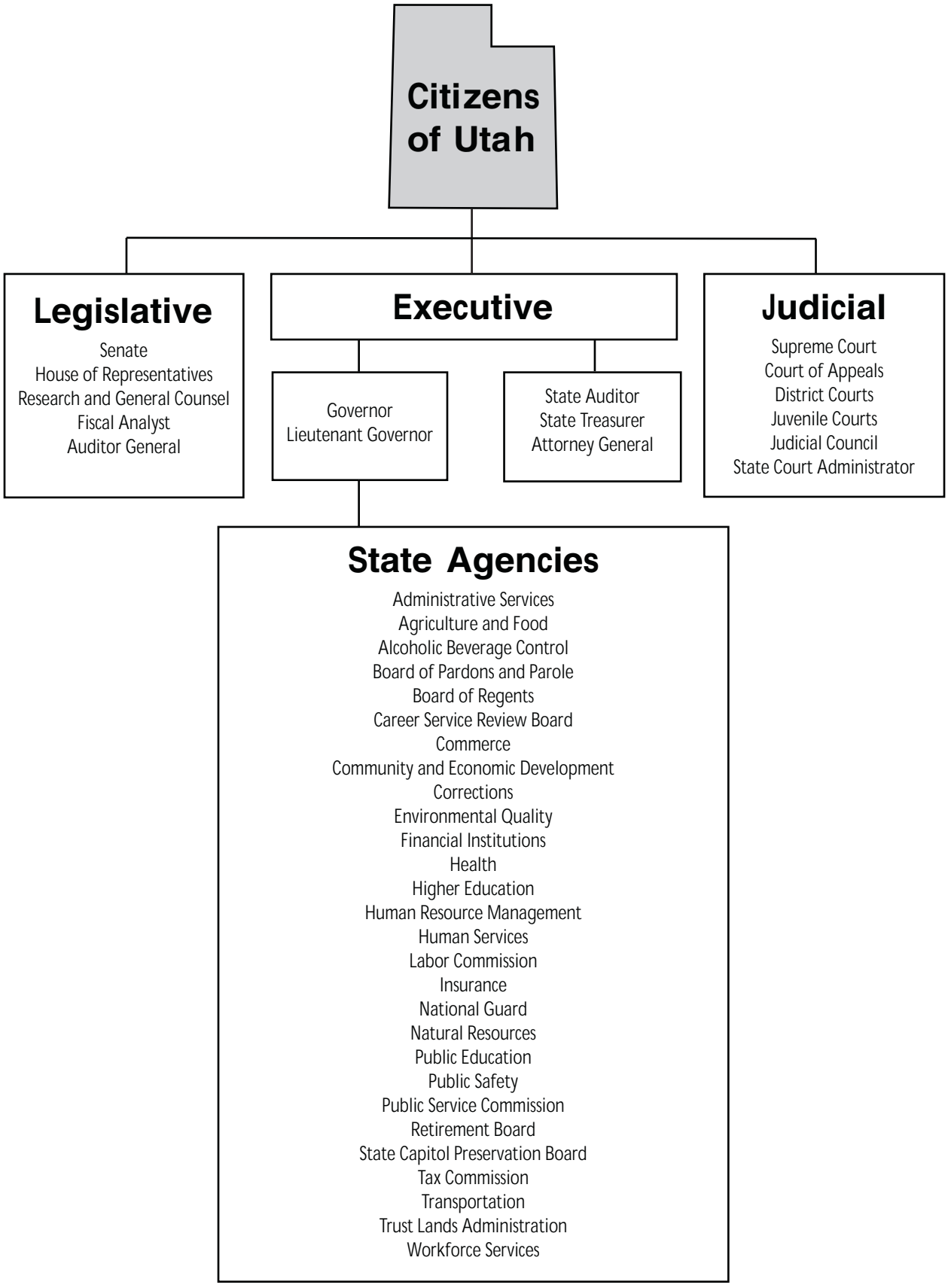
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

State of Utah Organization Chart



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FINANCIAL SECTION

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INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Olene S. Walker
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2003, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah Public Employees Group Insurance; the University of Utah's hospital and component units; Utah State University; Utah Valley State College; portions of the Utah College of Applied Technology; the Dairy Commission; and the Utah State Retirement Office, which represent 55 percent of the assets and 53 percent of the revenues of the aggregate discretely presented component units and 72 percent of the assets and 1 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for those agencies, funds, and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management discussion and analysis on pages 14 through 23 and the required supplementary information on pages 100 through 107 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 112 through 171 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subject to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data on pages 174 through 192 were not audited by us and, accordingly, we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 31, 2003, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

UTAH STATE AUDITOR
October 31, 2003

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- The State's net assets increased $262.6 million or 2.5 percent over the prior year. Net assets of governmental activities increased $323.7 million or 3.6 percent due to a stable economy and active resource management. Net assets of business-type activities decreased by $61.1 million or 3.9 percent, primarily due to higher unemployment resulting in increased unemployment claims.

Fund Level

- Combined tax revenues were 1.6 percent higher in the General Fund and 2.3 percent higher in the Uniform School Fund than the prior year as Utah's economy showed some gradual signs of recovery. The State's economic slowdown in the past two years is similar to that of the national economy.

- The Legislature faced funding critical needs for certain programs with revenue estimates showing little growth. The Legislature used a variety of methods to balance the General Fund budget including reducing agency budgets, using Tobacco Endowment Fund money, and bonding to replace cash originally appropriated for highway and building projects.

Long-term Debt

- The State's long-term bonded debt increased a net $285.9 million, or 9.2 percent. The increased debt was issued to fund highway and capital facility construction and student loan programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Statements – Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 27 together comprise the *government-wide financial statements*. These statements provide a broad overview with a long-term focus of the State's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

Governmental Activities – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

Business-type Activities – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

Component Units – Several entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

Fund Financial Statements – Reporting the State's Most Significant Funds
The fund financial statements beginning on page 32 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

Governmental Funds – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water loan funds to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities* in the government-wide statements. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

Fiduciary Funds – Fiduciary funds account for assets that, because of trust relationships, can only be used for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

Reconciliation Between Government-wide and Fund Statements
The financial statements include schedules on pages 34 and 38 that reconcile the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 56 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. RSI further supports the information in the basic financial statements.

Supplementary Information
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary, and fiduciary funds and nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriation Acts*.

Adjustments to Beginning Net Assets
As described in Note 2 of the financial statements on page 63, beginning net assets of governmental activities were reduced by $60.3 million to reclassify the Public Employees Health Program to a component unit, and increased by $117.8 million for capital asset adjustments. To enhance comparability, all amounts presented for governmental activities for fiscal year 2002 in this discussion and analysis were revised, where applicable, to reflect these changes as if the changes had been made in the prior year.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets. The State's total net assets increased $262.6 million or 2.5 percent in fiscal year 2003. In comparison, net assets in the prior year decreased $93.5 million or 0.9 percent. This moderate increase in net assets resulted from a stable, slowly improving economy and the active management of state resources. Approximately $125 million of the increase was in net capital assets as the State's investment in highways and buildings exceeded depreciation and net additional debt to finance projects. The increase in restricted net assets of governmental activities resulted primarily from an increase in unspent carry forward funds of $61.7 million for education and $85.5 million for transportation, and earnings of $44.6 million in the permanent Trust Lands Fund. Restricted net assets decreased in business-type activities due to higher unemployment claims. The increase in unrestricted net assets was mainly in business-type activities, and those net assets generally can only be used to finance the business-type activities' ongoing operations.

State of Utah
Net Assets as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**
Current and Other Assets	$ 2,832,859	$ 2,644,789	$ 2,880,978	$ 2,870,922	$ 5,713,837	$ 5,515,711
Capital Assets	9,514,418	9,137,367	51,220	42,073	9,565,638	9,179,440
Total Assets	**12,347,277**	**11,782,156**	**2,932,198**	**2,912,995**	**15,279,475**	**14,695,151**
Current and Other Liabilities	643,232	602,642	38,654	55,952	681,886	658,594
Long-term Liabilities	2,456,410	2,255,533	1,389,095	1,291,513	3,845,505	3,547,046
Total Liabilities	**3,099,642**	**2,858,175**	**1,427,749**	**1,347,465**	**4,527,391**	**4,205,640**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	7,951,838	7,827,247	22,104	21,336	7,973,942	7,848,583
Restricted	973,636	776,121	814,147	916,526	1,787,783	1,692,647
Unrestricted	322,161	320,613	668,198	627,668	990,359	948,281
Total Net Assets	**$ 9,247,635**	**$ 8,923,981**	**$ 1,504,449**	**$ 1,565,530**	**$ 10,752,084**	**$ 10,489,511**
Percent change from prior year	3.6 %		(3.9)%		2.5 %	

The largest component of the State's net assets, 74.2 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

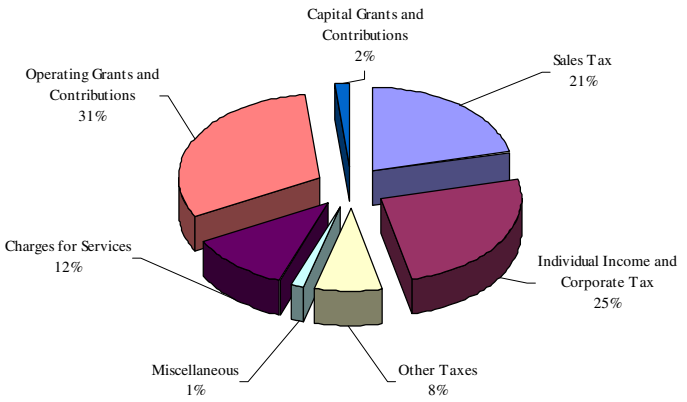
Restricted net assets comprise 16.6 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can only be used for public and higher education costs and motor fuel taxes that can only be used for transportation expenses.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

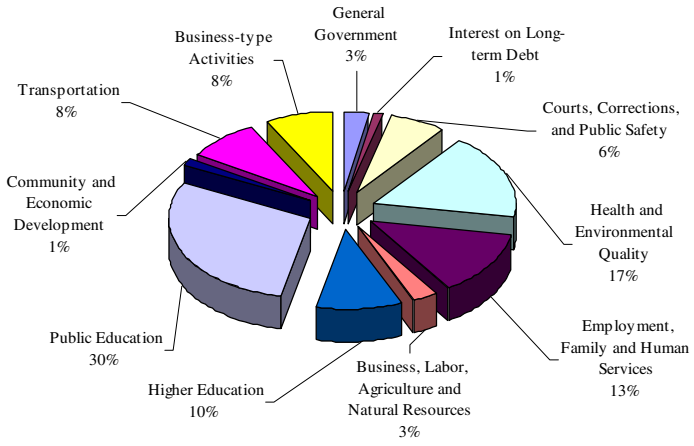
Changes in Net Assets. This year the State received 54.1 percent of its revenues from state taxes and 32.7 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 54.8 percent, and grants and contributions were 31.3 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, state parks, and court fees, combined with other miscellaneous collections, comprised 13.2 percent of total revenues in fiscal year 2003, compared with 13.9 percent in fiscal year 2002.

The charts on the following page summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2003.

State of Utah
Total Revenues - FY 2003


Capital Grants and Contributions 2%
Sales Tax 21%
Operating Grants and Contributions 31%
Charges for Services 12%
Individual Income and Corporate Tax 25%
Miscellaneous 1%
Other Taxes 8%

State of Utah
Total Expenses - FY 2003


General Government 3%
Business-type Activities 8%
Interest on Long-term Debt 1%
Transportation 8%
Courts, Corrections, and Public Safety 6%
Community and Economic Development 1%
Health and Environmental Quality 17%
Public Education 30%
Employment, Family and Human Services 13%
Higher Education 10%
Business, Labor, Agriculture and Natural Resources 3%

State of Utah
Changes in Net Assets
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2003	**2002**	**2003**	**2002**	**2003**	**2002**	**2002 to 2003**
Revenues							
General Revenues:							
Taxes	$ 3,784,924	$ 3,598,731	$ 2,180	$ 16,343	$ 3,787,104	$ 3,615,074	4.8 %
Other General Revenues	99,620	72,226	3,212	5,995	102,832	78,221	31.5
Program Revenues:							
Charges for Services	472,610	507,698	353,138	329,282	825,748	836,980	(1.3)
Operating Grants and Contributions	2,034,177	1,794,902	130,235	163,584	2,164,412	1,958,486	10.5
Capital Grants and Contributions	123,883	109,751	—	—	123,883	109,751	12.9
Total Revenues	**6,515,214**	**6,083,308**	**488,765**	**515,204**	**7,003,979**	**6,598,512**	**6.1**
Expenses							
General Government	193,738	218,758	—	—	193,738	218,758	(11.4)
Human Services and Youth Corrections	538,492	539,028	—	—	538,492	539,028	(0.1)
Corrections, Adult	184,805	191,642	—	—	184,805	191,642	(3.6)
Public Safety	127,861	154,257	—	—	127,861	154,257	(17.1)
Courts	106,045	104,979	—	—	106,045	104,979	1.0
Health and Environmental Quality	1,177,121	1,062,393	—	—	1,177,121	1,062,393	10.8
Higher Education	647,572	704,595	—	—	647,572	704,595	(8.1)
Employment and Family Services	352,082	324,113	—	—	352,082	324,113	8.6
Natural Resources	119,528	114,083	—	—	119,528	114,083	4.8
Community and Economic Development	90,794	91,083	—	—	90,794	91,083	(0.3)
Business, Labor, and Agriculture	66,965	66,215	—	—	66,965	66,215	1.1
Public Education	1,981,119	1,999,112	—	—	1,981,119	1,999,112	(0.9)
Transportation	555,840	541,547	—	—	555,840	541,547	2.6
Interest on Long-term Debt	73,835	68,964	—	—	73,835	68,964	7.1
Student Assistance Programs	—	—	86,995	79,666	86,995	79,666	9.2
Unemployment Compensation	—	—	307,834	272,924	307,834	272,924	12.8
Water Loan Programs	—	—	7,074	6,181	7,074	6,181	14.4
Other Business-type Activities	—	—	123,706	122,694	123,706	122,694	0.8
Total Expenses	**6,215,797**	**6,180,769**	**525,609**	**481,465**	**6,741,406**	**6,662,234**	**1.2**
Excess (Deficiency) Before Special Item and Transfers	299,417	(97,461)	(36,844)	33,739	262,573	(63,722)	
Special Item – distribution to local government	—	(29,772)	—	—	—	(29,772)	
Transfers	24,237	26,358	(24,237)	(26,358)	—	—	
Change in Net Assets	**323,654**	**(100,875)**	**(61,081)**	**7,381**	**262,573**	**(93,494)**	
Net Assets – Beginning as Adjusted	8,923,981	9,024,856	1,565,530	1,558,149	10,489,511	10,583,005	
Net Assets – Ending	**$ 9,247,635**	**$ 8,923,981**	**$ 1,504,449**	**$ 1,565,530**	**$ 10,752,084**	**$ 10,489,511**	**2.5 %**

Governmental Activities

The State's total governmental revenues from all sources increased $431.9 million or 7.1 percent. Tax revenues increased $186.2 million, or 5.2 percent. This percentage increase at the government-wide level is higher than the increase in taxes at the fund level. While this increase may reflect a slight improvement in economic conditions, due to differences in measurement focus, timing of collections, and lack of historical accrued tax information, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of higher education expenses, other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund at the fund level. For further discussion of these changes, see the section titled "General Fund" on page 19. While part of the decrease in higher education expenses was due to cuts in general state support, a significant part of the decrease was due to a lower dollar amount of building projects completed for colleges and universities than in the prior year.

The table below shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2003, state taxes and other general revenues covered 57.7 percent of expenses. The remaining $2.6 billion, or 42.3 percent of the total expenses were generated through charges for services and grants.

State of Utah
Net Cost of Governmental Activities
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Program Expenses 2003	Less Program Revenues 2003	Net Program Costs 2003	Net Program Costs 2002	Program Revenues as a Percentage of Program Expenses 2003	Program Revenues as a Percentage of Program Expenses 2002
General Government	$ 193,738	$ (158,957)	$ 34,781	$ 78,657	82.0 %	64.0 %
Human Services and Youth Corrections	538,492	(272,410)	266,082	280,837	50.6	47.9
Corrections, Adult	184,805	(7,004)	177,801	182,387	3.8	4.8
Public Safety	127,861	(66,738)	61,123	64,616	52.2	58.1
Courts	106,045	(29,695)	76,350	68,978	28.0	34.3
Health and Environmental Quality	1,177,121	(914,863)	262,258	256,114	77.7	75.9
Higher Education	647,572	(1,518)	646,054	702,896	0.2	0.2
Employment and Family Services	352,082	(311,314)	40,768	53,013	88.4	83.6
Natural Resources	119,528	(80,760)	38,768	41,226	67.6	63.9
Community and Economic Development	90,794	(39,549)	51,245	45,771	43.6	49.7
Business, Labor, and Agriculture	66,965	(57,680)	9,285	12,695	86.1	80.8
Public Education	1,981,119	(333,596)	1,647,523	1,750,928	16.8	12.4
Transportation	555,840	(356,586)	199,254	161,336	64.2	70.2
Interest on Long-term Debt	73,835	—	73,835	68,964		
Total Governmental Activities	**$ 6,215,797**	**$ (2,630,670)**	**$ 3,585,127**	**$ 3,768,418**	**42.3 %**	**39.0 %**

Business-type Activities

Despite the slow economy, revenues from the State's business-type activities remained relatively even, decreasing $26.4 million or 5.1 percent from the prior year. This decrease is partially attributable to a one-time $62.6 million distribution from the federal government to the Unemployment Compensation Fund that bolstered revenues in fiscal year 2002. This decrease in one-time revenue was partially offset by an increase in Unemployment Compensation collections from employers of 27.8 percent as higher claims resulted in increased employer taxes. Net assets for the combined business-type activities decreased $61.1 million or 3.9 percent as higher expenses in the Unemployment Compensation program offset gains in net assets in the other activities.

All of the State's business-type activities operate from program revenues except for the Water Loan Programs and the Agriculture Loan Fund which by law receive dedicated sales taxes to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2003, the State's governmental funds reported combined ending fund balances of $1.9 billion. Of this amount, $1.1 billion, or 58.1 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional $466.2 million or 24.4 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 86 contains more details about reserved and designated fund balances at June 30, 2003. The remaining $335 million or 17.5 percent of fund balance is available for appropriation for the general purposes of the funds.

State of Utah
Governmental Fund Balances as of June 30, 2003
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	$ 230,980	$ 54,950	$ 93,848	$ 109,266	$ 404,991	$ 215,548	$ 1,109,583
Unreserved Designated	156,016	187,165	40,429	—	—	82,596	466,206
Unreserved Undesignated	—	1,802	80,602	210,968	—	41,639	335,011
Total	**$ 386,996**	**$ 243,917**	**$ 214,879**	**$ 320,234**	**$ 404,991**	**$ 339,783**	**$ 1,910,800**
Percent change from prior year	5.2 %	33.9 %	64.1 %	4.9 %	12.4 %	(23.0)%	6.9 %

General Fund

During fiscal year 2003, the General Fund's total fund balance increased $19 million or 5.2 percent. This increase was due in large part to an unbudgeted federal appropriation for jobs and growth relief of $38 million received in the latter part of the fiscal year. The General Fund ended fiscal year 2003 with a "surplus" from unreserved and undesignated sources of $27.7 million. However, $14.3 million of federal jobs and growth relief funds were carried forward for appropriation in 2004 and included in designated fund balance. Of the remaining $13.4 million, half was transferred by law to the Budget Reserve Account ("Rainy Day Fund") and included in designated fund balance, and half was carried forward by law for other purposes as designated for specific appropriation in 2004. As a result, the General Fund ended the year with zero unreserved/undesignated fund balance. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance. The Budget Reserve Account ended fiscal year 2003 with a balance of $26.5 million.

Total General Fund revenues increased $218.6 million or 6.6 percent from the prior year. Total tax collections increased $25 million or 1.6 percent. The major changes in tax revenues were in sales tax, which inched up $9.9 million or 0.7 percent as stagnation in the economy continued; inheritance tax, which increased $23.6 million or 249.9 percent; and cigarette, tobacco, and beer taxes which together fell $5.7 million or 9.6 percent from the prior year. Also, historically low interest rates and lower cash balances kept investment income $7.1 million or 46.1 percent below last year's level. Federal funding was the largest single factor in increasing revenues for the fiscal year as federal contracts and grants climbed $183.8 million or 13.7 percent from the prior year driven by demand for services, and as stated above, the receipt of federal jobs and growth relief money.

Total General Fund expenditures increased by $107.0 million or 3.1 percent as the continued sluggish economy and higher unemployment increased the public's demand for government services which more than offset budget reductions in many agencies. The following areas were impacted most:

- *Health and Environmental Quality*. Total expenditures in this category jumped $116 million, primarily due to increased Medicaid program costs resulting from increased caseloads and pharmaceutical costs.
- *Employment and Family Services*. Total expenditures in this category were up $41.8 million as Temporary Assistance for Needy Families and Food Stamp program costs increased 16.0 and 26.3 percent, respectively.

Expenditures in *Natural Resources* also increased for fighting wildfires, and spending from capital development funds for projects such as building fish hatcheries and wildlife management facilities. The most notable reduction in spending from the prior year occurred in *Public Safety*, where expenditures (and corresponding federal revenues) were down approximately $25 million because prior year activities related to the Olympic Winter Games ended in fiscal year 2002.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2003 budget in their 2002 General Session and met again in a special session beginning in June 2002 to rebalance the budget in light of lowered revenue estimates. After these actions, the original General Fund budget at the start of fiscal year 2003, excluding department specific revenue sources such as federal grants and departmental collections, was 2.8 percent lower than the final fiscal year 2002 budget. The Legislature also had to address critical and mandated program increases, such as projected increases in caseloads and inflation for the Medicaid program. In order to balance the original General Fund budget, the Legislature used a variety of measures including:

- Reducing budgets across all state agencies.
- Reducing appropriations to the Centennial Highway Fund for highway construction projects by $66.4 million.
- Transferring $17.8 million to the General Fund from the Tobacco Endowment Fund.
- Obtaining $14 million from other accounts, including $10.8 million from the Centennial Highway Fund from project savings.
- Redirecting $10 million of dedicated sales tax revenue from water loan programs to the General Fund.

The Legislature met in a special session in December 2002 to address lowered revenue estimates. The budget was again addressed in the 2003 General Session of the Legislature (January to March 2003). In order to balance the final budget, the Legislature took additional action that included:

- Reducing agency budgets.
- Transferring an additional $26.6 million from the Tobacco Endowment Fund to the General Fund.
- Authorizing bonding of $35 million to replace cash originally appropriated for capital projects.
- Reducing General Fund appropriations to the Centennial Highway Fund by an additional $20 million.
- Redirecting an additional $2 million of dedicated sales tax revenue from water loan programs to the General Fund.

Additionally, in the face of expected revenue shortfalls in the latter part of the fiscal year, agencies were able to curb spending through active budget management. This action resulted in agencies lapsing $6.4 million of unspent budgeted dollars back to the General Fund. Although taxes and other unrestricted revenues ended the year slightly below the final budgeted amounts, the state ended the fiscal year with a slight surplus due to the receipt of unbudgeted federal jobs growth and fiscal relief money. Final budgets for many of the department specific revenue sources such as federal grants are revised based on actual collections.

Uniform School Fund

The Uniform School Fund's fund balance increased $61.7 million or 33.9 percent from the prior year. While individual income taxes remained relatively unchanged compared to the prior year, corporate income taxes increased $36.6 million or 29.4 percent. Federal funding increased by $34.7 million or 13.7 percent. Expenditures for public education decreased slightly by $18.8 million or 0.9 percent, as budget reductions were not entirely offset by increased per student funding approved by the Legislature for fiscal year 2003. The Uniform School Fund ended the year with unreserved fund balance of $2.4 million. Of that amount, $600 thousand was transferred by law to the Education Budget Reserve Account, a new account established by the Legislature in 2003. This resulted in a final unreserved and undesignated fund balance of $1.8 million.

Transportation Fund

Fund balance in the Transportation Fund increased $83.9 million or 64.1 percent from the prior year. This increase was the result of $52 million of unspent bond proceeds and a reduction in overall expenditures greater than a reduction of revenues. Total revenues decreased by $25.1 million or 3.6 percent. Motor and special fuels taxes and fees remained relatively flat over prior year levels; however, federal funds decreased $27.1 million or 11.4 percent.

In comparison, total expenditures decreased $89.9 million or 14 percent, primarily in construction expenditures. Authorized federal funding remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or weather.

As authorized by the Legislature, during the year the State issued $52 million of general obligation debt to provide funding to accelerate the completion of specific State transportation projects in Salt Lake County. At June 30, 2003, the Transportation Fund had not spent any of the bond proceeds, which amount is reported as reserved fund balance. Salt Lake County is obligated to pay the debt service on these bonds from dedicated county sales tax.

Centennial Highway Fund

Fund balances in the Centennial Highway Fund increased by $14.9 million, or 4.9 percent from the prior year. Revenues and expenditures in the fund remained relatively flat as compared to the prior year. Still, the Department of Transportation continued to work on several major highway projects using carry over funding from the General Fund and bond proceeds.

Due to budget constraints, the Legislature reduced General Fund transfers to the Centennial Highway Fund by $86.4 million and transferred $10.8 million of savings from the I-15 reconstruction project back to the General Fund. As a result, the State incurred an additional $109.3 million of general obligation debt to provide for highway construction needs. At June 30, 2003, all of the bond proceeds were unspent and included in reserved fund balance.

Trust Lands Fund
The fund balance of the Trust Lands Fund increased by $44.6 million, or 12.4 percent, due to revenues generated from land use, sales of trust lands, and investment income. The permanent fund also generated $8.4 million of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts.

Nonmajor Governmental Funds
During the year, the Legislature transferred $44.4 million from the Tobacco Endowment Fund to the General Fund in order to help balance the Fiscal Year 2003 budget.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs
The Student Assistance programs finished the year with an increase of $8.0 million or 4.0 percent in net assets. Rising enrollments at the State's colleges and universities created more demand for student loans than in prior years.

Unemployment Compensation Fund
The State's continued high unemployment rate spurred by the state and national economic slowdown resulted in a 12.8 percent increase in benefit payments over the prior year. Assets were sufficient to handle the increased demand for benefits, but net assets decreased $109.8 million, or 19.8 percent, to $444 million as benefit payments exceeded employer taxes and other revenues. Rising benefit payments will result in increased employer contributions, though the full effect of the increase will not be realized until future periods.

Water Loan Programs
To help balance the budget in fiscal year 2003, the Legislature redirected to the General Fund $12 million of sales tax that was normally earmarked for water loans. The Legislature to date has not redirected any additional sales tax earmarked for water loans for fiscal year 2004. These programs have sufficient revenues and net assets to cover current commitments.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets
The State's capital assets increased a net $386.2 million during the year. The change consisted of net increases in infrastructure (highways) of $158.9 million; land and related assets of $66.7 million; and buildings, improvements and construction in progress of $176.4 million. Machinery and equipment decreased a net $15.8 million during the year. Many buildings financed by the State are actually owned by the colleges and universities which are component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2003, the State had $69.6 million of outstanding debt related to capital assets of component units.

The State has adopted an allowable alternative to reporting depreciation for roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2002, indicated that 73.0 percent of the roads were in "fair" or better condition. Only 6.6 percent of the roads assessed were in "very poor" condition. These results reflect improvement over calendar year 2001, when 70.4 percent of the roads were assessed as "fair" or better, and 8.3 percent assessed were in "very poor" condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2003, indicated that 70.0 percent and 3.0 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a very slight decline over the prior year, when 70.4 percent of the bridges were assessed as "good," and 2.8 percent assessed were in "poor" condition.

During fiscal year 2003, the State spent $264.3 million to maintain and preserve roads and bridges. This amount is 2.7 percent below the estimated amount of $272 million needed to maintain these assets at established condition levels. During the last few fiscal years the State was aggressive in the maintenance and preservation of many of the State's roads in preparation for the Winter Olympic Games. The State anticipates that expenditures in future years will be more comparable to the estimated amounts needed to preserve the State's infrastructure assets.

More information about capital assets is included in Note 8 on page 73, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 106.

Long-term Debt

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 20 percent of the appropriations limit. As of June 30, 2003, the State was $136.4 million below the statutory debt limit and $848 million below the debt limit established in the *Constitution*. Revenue bonds are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

State of Utah
Outstanding Bonded Debt as of June 30
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2003	2002	2003	2002	2003	2002	2002 to 2003
General Obligation Bonds	$ 1,713.8	$ 1,498.4	$ —	$ —	$ 1,713.8	$ 1,498.4	14.4 %
Revenue Bonds:							
State Building Ownership Auth.	334.9	346.0	22.6	23.1	357.5	369.1	(3.1)
Student Assistance Programs	—	—	1,311.0	1,227.4	1,311.0	1,227.4	6.8
Water Loan Progams	—	—	2.6	4.1	2.6	4.1	(36.6)
Total Bonds Payable	$ 2,048.7	$ 1,844.4	$ 1,336.2	$ 1,254.6	$ 3,384.9	$ 3,099.0	9.2 %

The State issued $660.5 million of general obligation bonds during the fiscal year. Of the general obligation bonds issued, $140.7 million was for highway construction; $138 million was for capital facility construction; $253.1 million was to refinance prior debt to take advantage of lower interest rates through an advance refunding; and $128.7 million was to refund variable rate highway notes with fixed-rate debt to lock in favorable long-term fixed interest rates. The State issued a total of $119.8 million of revenue bonds, all to provide capital for purchasing student loans in the Student Assistance programs.

The State's active management of recent economic difficulties has helped the State maintain its triple-A rating on general obligation bonds, the highest possible rating, and double-A rating on State Building Ownership Authority lease revenue bonds from all three national rating agencies. These ratings save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 on page 77 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates for the General Fund and Uniform School Fund for fiscal year 2004 were approximately 1.4 percent above actual revenues for fiscal year 2003. The Legislature balanced the budget by using anticipated 2003 carry over funds, eliminating certain sales tax exemptions as described below, implementing additional program reductions, transferring funds from the tobacco settlement and other restricted accounts as allowed by law, and utilizing other miscellaneous sources. Those adjustments also made funding available for increases in Medicaid, public education and higher education, and increased costs of benefits for State and higher education employees.

The Legislature in its 2003 General Session eliminated the sales tax exemption for multi-channel video or audio service. This action is expected to yield $14 million per year for the General Fund. The Legislature also enacted a bill that imposes a tax on hazardous waste facilities, nonhazardous solid waste facilities, and radioactive waste facilities and eliminates a tax on radioactive waste. These tax changes are expected to generate an additional $2.2 million per year in revenues.

Revenue collections to date in fiscal year 2004 are in line with original estimates.

Utah's economy is expected to remain stable or only moderately improve in the near future. The average unemployment rate is expected to decline in 2003 to 5.7 percent, down from an average 2002 rate of 6.1 percent. Taxable retail sales are expected to increase 1.5 percent by the end of 2003, and growth in personal income is expected to be 2.4 percent for the same period. Because these indicators are measured on a calendar-year basis, the impact on the State budget will not be fully realized until well into fiscal year 2004.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our website at: www.finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements which include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Utah State Auditor's Office, 211 State Capitol, Salt Lake City, UT 84114.

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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Statement of Net Assets

June 30, 2003 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	$ 567,837	$ 647,558	$ 1,215,395	$ 546,456
Investments	1,040,446	269,160	1,309,606	1,155,596
Taxes Receivable, net	524,670	552	525,222	—
Accounts and Interest Receivable, net	623,633	82,565	706,198	280,476
Amounts Due From:				
Component Units	18,922	—	18,922	—
Primary Government	—	—	—	4,812
Prepaid Items	1,516	2,214	3,730	11,489
Inventories	11,520	17,753	29,273	34,441
Internal Balances	14,163	(14,163)	—	—
Restricted Investments	—	61,182	61,182	421,014
Deferred Charges	4,320	15,966	20,286	47,114
Notes/Loans/Mortgages/Pledges Receivable, net	18,306	1,798,191	1,816,497	899,083
Other Assets	7,526	—	7,526	16,991
Capital Assets:				
Land and Related Non-depreciable Assets	671,807	14,337	686,144	102,695
Infrastructure	7,513,155	495	7,513,650	—
Construction in Progress	547,486	—	547,486	109,228
Buildings, Equipment, and Other Depreciable Assets	1,358,759	51,247	1,410,006	3,208,394
Less Accumulated Depreciation	(576,789)	(14,859)	(591,648)	(1,385,235)
Total Capital Assets	9,514,418	51,220	9,565,638	2,035,082
Total Assets	12,347,277	2,932,198	15,279,475	5,452,554
LIABILITIES				
Accounts Payable and Accrued Liabilities	549,458	25,156	574,614	211,020
Amounts Due to:				
Component Units	4,812	—	4,812	—
Primary Government	—	—	—	18,922
Securities Lending	—	—	—	17,523
Deferred Revenue	88,796	7,766	96,562	69,395
Deposits	166	64	230	83,385
Other Liabilities	—	5,668	5,668	2,660
Long-term Liabilities (Note 10)				
Due Within One Year	207,588	8,191	215,779	333,273
Due in More Than One Year	2,248,822	1,380,904	3,629,726	1,579,636
Total Liabilities	3,099,642	1,427,749	4,527,391	2,315,814
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	7,951,838	22,104	7,973,942	1,575,079
Restricted for:				
Transportation	214,385	—	214,385	—
Public Education – Expendable	271,700	—	271,700	—
Public Education – Nonexpendable	404,991	—	404,991	—
Higher Education – Expendable	—	—	—	446,465
Higher Education – Nonexpendable	—	—	—	312,187
Capital Projects	1,239	—	1,239	—
Debt Service	6,204	23,035	29,239	153,453
Unemployment Compensation and Insurance Programs	3,445	443,971	447,416	69,992
Loan Programs	2,478	347,141	349,619	—
Other Purposes – Expendable	69,194	—	69,194	7,358
Unrestricted	322,161	668,198	990,359	572,206
Total Net Assets	$ 9,247,635	$ 1,504,449	$ 10,752,084	$ 3,136,740

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 193,738	$ 84,500	$ 74,457	$ —
Human Services and Youth Corrections	538,492	17,182	255,228	—
Corrections, Adult	184,805	6,235	769	—
Public Safety	127,861	28,471	38,267	—
Courts	106,045	29,221	474	—
Health and Environmental Quality	1,177,121	74,087	840,776	—
Higher Education	647,572	676	842	—
Employment and Family Services	352,082	5,397	305,917	—
Natural Resources	119,528	35,353	45,407	—
Community and Economic Development	90,794	4,807	34,742	—
Business, Labor, and Agriculture	66,965	50,318	7,362	—
Public Education	1,981,119	38,604	294,992	—
Transportation	555,840	97,759	134,944	123,883
Interest and Other Charges on Long-term Debt	73,835	—	—	—
Total Governmental Activities	6,215,797	472,610	2,034,177	123,883
Business-type:				
Student Assistance Programs	86,995	73,685	21,316	—
Unemployment Compensation	307,834	108,130	92,303	—
Water Loan Programs	7,074	8,975	14,460	—
Other Business-type Activities	123,706	162,348	2,156	—
Total Business-type Activities	525,609	353,138	130,235	0
Total Primary Government	$ 6,741,406	$ 825,748	$ 2,164,412	$ 123,883
Component Units:				
Utah Housing Corporation	$ 78,968	$ 85,556	$ —	$ —
Public Employees Health Program	342,815	346,869	7,017	—
University of Utah	1,657,328	1,172,702	317,377	28,052
Utah State University	392,875	103,059	171,848	12,130
Nonmajor Colleges and Universities	627,842	230,177	133,476	14,669
Nonmajor Component Units	22,818	12,991	56	—
Total Component Units	$ 3,122,646	$ 1,951,354	$ 629,774	$ 54,851
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Unrestricted Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Federal Appropriation—Jobs and Growth Relief				
Miscellaneous				
Permanent Endowments Contributions				
Special Item—Technology Finance Corporation Liquidation Transfers				
Transfers—Internal Activities				
Total General Revenues, Special Items, and Transfers				
Change in Net Assets				
Net Assets—Beginning				
Adjustments to Beginning Net Assets				
Net Assets—Beginning as Adjusted				
Net Assets—Ending				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (34,781)	$ —	$ (34,781)	$ —
(266,082)	—	(266,082)	—
(177,801)	—	(177,801)	—
(61,123)	—	(61,123)	—
(76,350)	—	(76,350)	—
(262,258)	—	(262,258)	—
(646,054)	—	(646,054)	—
(40,768)	—	(40,768)	—
(38,768)	—	(38,768)	—
(51,245)	—	(51,245)	—
(9,285)	—	(9,285)	—
(1,647,523)	—	(1,647,523)	—
(199,254)	—	(199,254)	—
(73,835)	—	(73,835)	—
(3,585,127)	0	(3,585,127)	0
—	8,006	8,006	—
—	(107,401)	(107,401)	—
—	16,361	16,361	—
—	40,798	40,798	—
0	(42,236)	(42,236)	0
(3,585,127)	(42,236)	(3,627,363)	0
—	—	—	6,588
—	—	—	11,071
—	—	—	(139,197)
—	—	—	(105,838)
—	—	—	(249,520)
—	—	—	(9,771)
0	0	0	(486,667)
1,488,452	2,180	1,490,632	—
1,604,618	—	1,604,618	—
160,705	—	160,705	—
317,536	—	317,536	—
213,613	—	213,613	—
3,784,924	2,180	3,787,104	0
9,152	2,248	11,400	709
—	—	—	607,550
—	—	—	3,259
15,412	—	15,412	—
37,970	—	37,970	—
37,086	964	38,050	—
—	—	—	13,517
—	—	—	(2,685)
24,237	(24,237)	—	—
3,908,781	(18,845)	3,889,936	622,350
323,654	(61,081)	262,573	135,683
8,866,508	1,565,530	10,432,038	2,957,561
57,473	—	57,473	43,496
8,923,981	1,565,530	10,489,511	3,001,057
$ 9,247,635	$ 1,504,449	$ 10,752,084	$ 3,136,740

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Governmental Fund Financial Statements

General Fund
This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Uniform School Fund
This fund is maintained to account for revenues and expenditures that mainly support public elementary and secondary schools and the State Office of Education.

Transportation Fund
This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes and fees and federal funds.

Centennial Highway Fund
This fund was created by the Legislature to account for revenues and expenditures associated with specific highway projects. Funding is provided from federal funds, registration fees, sales and use taxes, appropriations, and contributions from local governments.

Trust Lands
This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Funds
Nonmajor governmental funds are presented by fund type beginning on page 112.

Balance Sheet
Governmental Funds

June 30, 2003 (Expressed in Thousands)

	General	Special Revenue: Uniform School	Special Revenue: Transportation	Special Revenue: Centennial Highway
ASSETS				
Cash and Cash Equivalents	$ 97,833	$ 65,822	$ 129,739	$ 109,427
Investments	64,095	—	78,444	205,378
Receivables:				
Accounts, net	444,425	41,607	58,452	24,997
Accrued Interest	49	—	—	—
Accrued Taxes, net	211,902	258,634	53,525	609
Notes/Mortgages, net	4,903	6,624	615	—
Due From Other Funds	22,571	2,897	21,839	42
Due From Component Units	645	—	—	—
Inventories	458	—	7,079	—
Interfund Loans Receivable	43,546	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 890,427	$ 375,584	$ 349,693	$ 340,453
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 304,091	$ 78,542	$ 101,957	$ 68
Due To Other Funds	13,997	2,002	3,432	17,607
Due To Component Units	—	—	—	—
Deferred Revenue	185,343	51,123	29,425	66
Interfund Loans Payable	—	—	—	2,478
Total Liabilities	503,431	131,667	134,814	20,219
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	67,561	36,700	2,449	—
Specific Purposes by Statute	119,873	18,250	91,399	109,266
Interfund Loans Receivable	43,546	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated	156,016	187,165	40,429	—
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	—	1,802	80,602	210,968
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Total Fund Balances	386,996	243,917	214,879	320,234
Total Liabilities and Fund Balances	$ 890,427	$ 375,584	$ 349,693	$ 340,453

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ 92	$ 102,910	$ 505,823
392,235	300,294	1,040,446
14,164	29,135	612,780
1,031	62	1,142
—	—	524,670
6,009	155	18,306
3,796	4,183	55,328
—	18,277	18,922
—	—	7,537
—	—	43,546
7,526	—	7,526
$ 424,853	$ 455,016	$ 2,836,026
$ —	$ 52,864	$ 537,522
160	3,133	40,331
—	4,812	4,812
19,702	54,424	340,083
—	—	2,478
19,862	115,233	925,226
—	119,097	225,807
404,991	34,338	778,117
—	—	43,546
—	53,216	53,216
—	8,897	8,897
—	—	383,610
—	75,489	75,489
—	7,107	7,107
—	—	293,372
—	41,639	41,639
404,991	339,783	1,910,800
$ 424,853	$ 455,016	$ 2,836,026

Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Assets

June 30, 2003 (Expressed in Thousands)

Total Fund Balances for Governmental Funds ……		$ 1,910,800
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 671,790	
Infrastructure, Non-depreciable	7,513,155	
Construction-In-Progress	545,954	
Buildings, Equipment, and Other Depreciable Assets	1,166,380	
Accumulated depreciation	(466,379)	9,430,900
Some of the State's earned revenues will be collected after yearend, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. …..……..		252,446
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. …….		62,508
Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. ……..…		4,320
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 10)		
General Obligation and Revenue Bonds Payable	(1,954,207)	
Unamortized Premiums	(107,435)	
Amount Deferred on Refunding	14,038	
Accrued Interest Payable	(1,598)	
Postemployment Benefits	(216,442)	
Compensated Absences	(134,746)	
Capital Leases	(12,846)	
Arbitrage Liability	(103)	(2,413,339)
Total Net Assets of Governmental Activities ……..		$ 9,247,635

The Notes to the Financial Statements are an integral part of this statement.

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Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

		Special Revenue		
	General	Uniform School	Transportation	Centennial Highway
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,447,281	$ —	$ 29,701	$ 4,841
Individual Income Tax	—	1,587,520	—	—
Corporate Tax	—	161,129	—	—
Motor and Special Fuels Tax	—	—	321,370	—
Other Taxes	187,397	15,799	7,796	—
Total Taxes	1,634,678	1,764,448	358,867	4,841
Other Revenues:				
Federal Contracts and Grants	1,524,832	287,709	191,105	42,753
Charges for Services/Royalties	182,090	1,682	20,783	—
Licenses, Permits, and Fees	17,745	4,310	60,755	18,719
Federal Mineral Lease	46,335	—	—	—
Federal Aeronautics	—	—	18,791	—
Intergovernmental	—	—	—	—
Investment Income	8,258	8,473	2,539	5,355
Miscellaneous and Other	124,422	6,923	19,452	—
Total Revenues	3,538,360	2,073,545	672,292	71,668
EXPENDITURES				
Current:				
General Government	151,281	—	—	—
Human Services and Youth Corrections	532,270	—	—	—
Corrections, Adult	176,624	—	—	—
Public Safety	122,830	—	—	—
Courts	97,348	—	—	—
Health and Environmental Quality	1,171,877	—	—	—
Higher Education – State Administration	34,891	—	—	—
Higher Education – Colleges and Universities	592,668	—	—	—
Employment and Family Services	362,931	—	—	—
Natural Resources	132,388	—	—	—
Community and Economic Development	88,731	—	—	—
Business, Labor, and Agriculture	55,583	—	—	—
Public Education	—	1,979,461	—	—
Transportation	—	—	552,262	203,877
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	3,519,422	1,979,461	552,262	203,877
Excess Revenues Over (Under) Expenditures	18,938	94,084	120,030	(132,209)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	45,400	95,285
Premium (Discount) on Bonds Issued	—	—	6,600	13,981
Refunding Bonds Issued	—	—	—	—
Payment of Current Bond Refunding	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sale of Trust Lands	—	—	—	—
Transfers In	146,547	1,565	19,412	124,648
Transfers Out	(146,514)	(33,951)	(107,483)	(86,828)
Total Other Financing Sources (Uses)	33	(32,386)	(36,071)	147,086
Net Change in Fund Balances	18,971	61,698	83,959	14,877
Fund Balances – Beginning	368,025	182,219	130,920	305,357
Fund Balances – Ending	$ 386,996	$ 243,917	$ 214,879	$ 320,234

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ —	$ 1,481,823
—	—	1,587,520
—	—	161,129
—	—	321,370
—	2,626	213,618
0	2,626	3,765,460
—	3,523	2,049,922
23,985	7,201	235,741
—	8,786	110,315
—	972	47,307
—	—	18,791
—	8,463	8,463
5,208	4,793	34,626
—	42,651	193,448
29,193	79,015	6,464,073
—	19,385	170,666
—	1,628	533,898
—	2,491	179,115
—	2,687	125,517
—	1,436	98,784
—	3,215	1,175,092
—	—	34,891
—	4,809	597,477
—	185	363,116
—	1,859	134,247
—	3,255	91,986
—	10,799	66,382
—	419	1,979,880
—	495	756,634
—	205,861	205,861
—	109,653	109,653
—	79,367	79,367
0	447,544	6,702,566
29,193	(368,529)	(238,493)
—	138,020	278,705
—	67,175	87,756
—	381,800	381,800
—	(150,000)	(150,000)
—	(279,369)	(279,369)
15,412	—	15,412
10	166,552	458,734
—	(57,057)	(431,833)
15,422	267,121	361,205
44,615	(101,408)	122,712
360,376	441,191	1,788,088
$ 404,991	$ 339,783	$ 1,910,800

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds		$ 122,712
The change in net assets reported for governmental activities in the Statement of Net Assets is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays $451,981 exceeded depreciation $(50,572) and buildings "transferred" to component units $(15,207) in the current period. (See Note 8)		386,202
In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.		(2,591)
Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available.		19,222
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(4,537)
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)		
Bonds Issued	$ (660,505)	
Premiums on Bonds Issued	(87,756)	
Payment to Refund Bonds	413,675	
Amount Deferred on Refunding	15,828	
Payment of Bond Principal	109,653	
Capital Lease Payments	2,180	(206,925)
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:		
Postemployment Benefits Expenses	(445)	
Compensated Absences Expenses	2,081	
Arbitrage Interest Expense	(4)	
Accrued Interest on Bonds Payable	66	
Amortization of Bond Premiums	7,963	
Amortization of Amount Deferred on Refunding	(1,790)	
Deferred Bond Issue Costs	1,700	9,571
Change in Net Assets of Governmental Activities		$ 323,654

The Notes to the Financial Statements are an integral part of this statement.

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that are secured by notes receivable in the fund and will be repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 136.

Governmental Activities–Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 146.

Statement Of Net Assets
Proprietary Funds

June 30, 2003 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 84,973	$ 415,508	$ 74,164	$ 72,913
Investments	267,640	—	—	183
Receivables:				
Accounts, net	8,189	37,697	226	8,452
Accrued Interest	17,356	—	4,036	2,428
Accrued Taxes, net	—	—	552	—
Notes/Loans/Mortgages, net	118,408	—	22,715	14,273
Due From Other Funds	—	—	159	2,454
Interfund Loans Receivable	—	—	—	20
Prepaid Items	2,154	—	—	60
Inventories	—	—	—	17,753
Total Current Assets	498,720	453,205	101,852	118,536
Noncurrent Assets:				
Restricted Investments	60,485	—	697	—
Investments	—	—	—	1,337
Notes/Loans/Mortgages Receivables, net	1,006,274	—	408,958	227,563
Accrued Interest Receivable	—	—	3,787	394
Deferred Charges	15,966	—	—	—
Interfund Loans Receivable	—	—	—	60
Capital Assets:				
Land	—	—	—	14,337
Buildings and Improvements	7,872	—	—	32,236
Machinery and Equipment	1,387	—	—	9,752
Construction in Progress	—	—	—	495
Less Accumulated Depreciation	(1,170)	—	—	(13,689)
Total Capital Assets	8,089	0	0	43,131
Total Noncurrent Assets	1,090,814	0	413,442	272,485
Total Assets	1,589,534	453,205	515,294	391,021
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	9,500	758	435	11,370
Deposits	—	64	—	—
Due To Other Funds	—	2,744	72	14,116
Interfund Loans Payable	—	—	—	—
Deferred Revenue	1,629	—	86	1,475
Policy Claims Liabilities	—	5,668	—	—
Revenue Bonds Payable	4,578	—	1,580	917
Total Current Liabilities	15,707	9,234	2,173	27,878
Noncurrent Liabilities:				
Accrued Liabilities	4,133	—	—	—
Deferred Revenue	4,576	—	—	—
Policy Claims Liabilities	—	—	—	—
Revenue Bonds Payable	1,306,441	—	1,060	21,635
Interfund Loans Payable	—	—	—	—
Arbitrage Liability	51,768	—	—	—
Total Noncurrent Liabilities	1,366,918	0	1,060	21,635
Total Liabilities	1,382,625	9,234	3,233	49,513
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	564	—	—	21,540
Restricted for:				
Unemployment Compensation and Insurance Programs	—	443,971	—	—
Loan Programs	126,931	—	189,413	30,797
Debt Service	—	—	23,035	—
Unrestricted (Deficit)	79,414	—	299,613	289,171
Total Net Assets	$ 206,909	$ 443,971	$ 512,061	$ 341,508

The Notes to the Financial Statements are an integral part of this statement.

Total	Governmental Activities – Internal Service Funds
$ 647,558	$ 62,014
267,823	—
54,564	2,730
23,820	—
552	—
155,396	—
2,613	11,809
20	—
2,214	1,516
17,753	3,983
1,172,313	82,052
61,182	—
1,337	—
1,642,795	—
4,181	—
15,966	—
60	2,478
14,337	17
40,108	8,287
11,139	184,092
495	1,532
(14,859)	(110,410)
51,220	83,518
1,776,741	85,996
2,949,054	168,048
22,063	9,876
64	166
16,932	6,044
—	20,764
3,190	1,159
5,668	10,860
7,075	40
54,992	48,909
4,133	—
4,576	—
—	32,799
1,329,136	970
—	22,862
51,768	—
1,389,613	56,631
1,444,605	105,540
22,104	82,508
443,971	3,445
347,141	2,478
23,035	—
668,198	(25,923)
$ 1,504,449	$ 62,508

Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Proprietary Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 22,578	$ 108,130	$ 163	$ 153,910
Fees and Assessments	3,665	—	14	3,378
Interest on Notes/Mortgages	46,151	—	8,798	4,946
Federal Reinsurance and Allowances/Reimbursements	13,555	62,844	—	—
Miscellaneous	1,291	—	—	114
Total Operating Revenues	87,240	170,974	8,975	162,348
OPERATING EXPENSES				
Administration	3,856	—	—	23,689
Purchases, Materials, and Services for Resale	—	—	—	90,279
Grants	—	—	6,468	817
Rentals and Leases	—	—	—	1,562
Maintenance	—	—	—	1,934
Interest	39,574	—	—	—
Depreciation	500	—	—	1,695
Student Loan Servicing and Related Expenses	22,084	—	—	—
Payment to Lenders for Guaranteed Claims	13,903	—	—	—
Benefit Claims and Unemployment Compensation	—	307,834	—	—
Supplies and Other Miscellaneous	6,948	—	405	3,047
Total Operating Expenses	86,865	307,834	6,873	123,023
Operating Income (Loss)	375	(136,860)	2,102	39,325
NONOPERATING REVENUES (EXPENSES)				
Investment Income	7,761	29,459	1,697	1,520
Federal Grants	—	—	13,540	2,107
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	2,065	115
Interest Expense	—	—	(201)	(683)
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	(130)	—	44	920
Total Nonoperating Revenues (Expenses)	7,631	29,459	17,145	3,979
Income (Loss) before Transfers	8,006	(107,401)	19,247	43,304
Transfers In	—	—	1,582	15,039
Transfers Out	—	(2,369)	(2,808)	(35,681)
Change in Net Assets	8,006	(109,770)	18,021	22,662
Net Assets – Beginning	198,903	553,741	494,040	318,846
Fund Reclassifed to Component Units	—	—	—	—
Net Assets – Beginning as Adjusted	198,903	553,741	494,040	318,846
Net Assets – Ending	$ 206,909	$ 443,971	$ 512,061	$ 341,508

The Notes to the Financial Statements are an integral part of this statement.

Total	Governmental Activities – Internal Service Funds
$ 284,781	$ 163,097
7,057	—
59,895	—
76,399	—
1,405	113
429,537	163,210
27,545	34,324
90,279	56,751
7,285	1,246
1,562	4,723
1,934	15,728
39,574	—
2,195	22,199
22,084	—
13,903	—
307,834	5,674
10,400	23,736
524,595	164,381
(95,058)	(1,171)
40,437	1,469
15,647	1,080
—	(2,009)
2,180	—
(884)	(52)
—	(521)
834	(669)
58,214	(702)
(36,844)	(1,873)
16,621	640
(40,858)	(3,304)
(61,081)	(4,537)
1,565,530	127,325
—	(60,280)
1,565,530	67,045
$ 1,504,449	$ 62,508

State of Utah

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 57,239	$ 99,977	$ 8,929	$ 178,717
Receipts from Loan Maturities	264,804	—	28,805	15,411
Receipts Federal Reinsurance & Allowances/Reimburse	37,730	62,839	—	—
Receipts from State Customers	574	—	—	8,268
Student Loan Disbursements Received from Lenders	284,721	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(284,835)	—	—	—
Payments to Suppliers/Claims/Grants	(31,003)	(311,855)	(5,326)	(97,312)
Disbursements for Loans Receivable	(351,388)	—	(35,936)	(30,092)
Payments on Loan Guarantees	(22,075)	—	—	—
Payments for Employee Services and Benefits	(3,165)	—	—	(20,483)
Payments to State Suppliers	(755)	—	(998)	(1,005)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(24,004)
Net Cash Provided (Used) by Operating Activities	(48,153)	(149,039)	(4,526)	29,500
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	7,271
Repayments Under Interfund Loans	—	—	—	(8,945)
Receipts from Bonds, Notes, and Deposits	121,490	14	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(36,110)	(6)	(1,495)	—
Interest Paid on Bonds, Notes, and Financing Costs	(28,323)	—	(91)	—
Federal Grants and Other Revenues	—	—	13,431	3,075
Restricted Sales Tax	—	—	4,046	115
Transfers In from Other Funds	—	—	1,582	14,191
Transfers Out to Other Funds	—	—	(2,808)	(34,358)
Net Cash Provided (Used) by Noncapital Financing Activities	57,057	8	14,665	(18,651)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	9,484
Proceeds from Disposition of Capital Assets	129	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(539)
Acquisition and Construction of Capital Assets	(105)	—	—	(12,333)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	(802)
Transfers In from Other Funds	—	—	—	742
Transfers Out to Other Funds	—	(2,369)	—	(1,323)
Net Cash Provided (Used) by Capital and Related Financing Activities	24	(2,369)	0	(4,771)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	537,121	—	3,256	—
Receipts of Interest and Dividends from Investments	7,724	29,459	1,713	1,536
Payments to Purchase Investments	(545,582)	—	(3,139)	—
Net Cash Provided (Used) by Investing Activities	(737)	29,459	1,830	1,536
Net Cash Provided (Used) – All Activities	8,191	(121,941)	11,969	7,614
Cash and Cash Equivalents – Beginning	76,782	537,449	62,195	65,299
Cash and Cash Equivalents – Ending	$ 84,973	$ 415,508	$ 74,164	$ 72,913

The Notes to the Financial Statements are an integral part of this statement.

Total	Governmental Activities – Internal Service Funds
$ 344,862	$ 31,947
309,020	—
100,569	—
8,842	139,084
284,721	—
(284,835)	—
(445,496)	(80,329)
(417,416)	—
(22,075)	—
(23,648)	(34,750)
(2,758)	(33,894)
(24,004)	—
(172,218)	22,058
7,271	—
(8,945)	—
121,504	—
(37,611)	(521)
(28,414)	—
16,506	1,080
4,161	—
15,773	561
(37,166)	(3,304)
53,079	(2,184)
0	2,916
0	(4,008)
9,484	—
129	3,687
(539)	(40)
(12,438)	(22,004)
(802)	(52)
742	79
(3,692)	—
(7,116)	(19,422)
540,377	—
40,432	1,469
(548,721)	—
32,088	1,469
(94,167)	1,921
741,725	60,093
$ 647,558	$ 62,014

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Nonmajor Enterprise Funds**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 375	$ (136,860)	$ 2,102	$ 39,325
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	500	—	—	1,695
Interest Expense for Noncapital and Capital Financing	23,083	—	—	—
Miscellaneous Gains, Losses, and Other Items	3,966	—	—	1,097
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	2,789	(10,954)	178	(1,199)
Notes/Accrued Interest Receivables	(92,967)	—	(6,898)	(13,643)
Inventories	—	—	—	(748)
Prepaid Items	(199)	—	—	(17)
Accrued Liabilities/Due to Other Funds	13,301	796	92	3,292
Deferred Revenue/Deposits	999	—	—	(302)
Policy Claims Liabilities	—	(2,021)	—	—
Net Cash Provided (Used) by Operating Activities	$ (48,153)	$ (149,039)	$ (4,526)	$ 29,500
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ 726	$ —	$ 99	$ 70
Investments Returned to the Federal Government	(14,046)	—	—	—
Total Noncash Investing, Capital, and Financing Activities	$ (13,320)	$ 0	$ 99	$ 70

The Notes to the Financial Statements are an integral part of this statement.

Total	Governmental Activities – Internal Service Funds
$ (95,058)	$ (1,171)
2,195	22,199
23,083	—
5,063	—
(9,186)	1,550
(113,508)	91
(748)	124
(216)	859
17,481	3,465
697	(1,904)
(2,021)	(3,155)
$ (172,218)	$ 22,058
$ 895	$ 80
(14,046)	—
$ (13,151)	$ 80

Fiduciary Fund Financial Statements

Pension Trust Funds
These funds are used to account for the activities of the Utah Retirement Systems.

Investment Trust Fund
This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trusts
These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds
Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 156.

Statement Of Fiduciary Net Assets
Fiduciary Funds

June 30, 2003 (Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 749,303	$ 2,251	$ 27,961	$ 84,206
Investments	13,858,730	3,929,294	511,634	12,274
Receivables:				
Accounts	21	—	5,112	26
Contributions	20,600	—	—	—
Investments	154,848	—	—	—
Accrued Interest	—	13,974	—	—
Accrued Assessments	—	—	8,563	—
Due From Other Funds	—	—	383	155
Land	1,779	—	247	—
Buildings and Improvements	10,715	—	4,493	—
Machinery and Equipment	2,974	—	198	—
Less Accumulated Depreciation	(10,341)	—	(978)	—
Total Assets	14,788,629	3,945,519	557,613	$ 96,661
LIABILITIES				
Accounts Payable	307,068	—	657	—
Securities Lending Liability	1,418,572	—	—	—
Due To Other Funds	—	—	6,981	—
Due To Other Individuals or Groups	—	—	—	28,197
Due To Other Taxing Units	—	—	—	68,464
Deferred Revenue	—	—	337	—
Leave/Postemployment Benefits	1,594	—	—	—
Policy Claims Liabilities/Insurance Reserves	43,155	—	374,282	—
Mortgages Payable	73,460	—	—	—
Total Liabilities	1,843,849	0	382,257	$ 96,661
NET ASSETS				
Held in trust for:				
Pension Benefits	11,460,455	—	—	
Deferred Compensation	1,484,325	—	—	
Pool Participants	—	3,945,519	—	
Individuals, Organizations, and Other Governments	—	—	175,356	
Total Net Assets	$ 12,944,780	$ 3,945,519	$ 175,356	
Participant Account Balance Net Asset Valuation Factor		1.001434		

The Notes to the Financial Statements are an integral part of this statement.

Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 202,102	$ —	$ 206,897
Employer	340,727	—	—
Court Fees and Fire Insurance Premiums	11,835	—	—
Total Contributions	554,664	0	206,897
Pool Participant Deposits	—	5,688,743	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(1,471,447)	14,312	13,202
Interest, Dividends, and Other Investment Income	375,215	79,054	7,987
Less Investment Expenses	(25,424)	(100)	—
Net Investment Income	(1,121,656)	93,266	21,189
Transfers From Affiliated Systems	15,420	—	—
Other Additions:			
Escheats	—	—	10,355
Royalties and Rents	—	—	2,205
Fees, Assessments, and Revenues	—	—	66,715
Miscellaneous	—	—	6,009
Receipts from Primary Government	—	—	3,200
Total Other	0	0	88,484
Total Additions	(551,572)	5,782,009	316,570
DEDUCTIONS			
Pension Benefits	488,489	—	—
Refunds/Plan Distributions	97,414	—	—
Earnings Distribution	—	76,681	—
Pool Participant Withdrawals	—	5,006,457	—
Transfers To Affiliated Systems	15,420	—	—
Trust Operating Expenses	—	—	32,262
Distributions and Benefit Payments	—	—	42,416
Administrative and General Expenses	13,348	—	6,869
Total Deductions	614,671	5,083,138	81,547
Change in Net Assets Held in Trust for:			
Pension Benefits	(1,121,005)	—	—
Deferred Compensation	(45,238)	—	—
Pool Participants	—	698,871	—
Individuals, Organizations, and Other Governments	—	—	235,023
Net Assets – Beginning	14,111,023	3,246,648	(59,667)
Net Assets – Ending	$ 12,944,780	$ 3,945,519	$ 175,356

The Notes to the Financial Statements are an integral part of this statement.

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds, which are repaid from the interest and principal payments made on mortgages.

Public Employees Health Program

This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 168.

Combining Statement Of Net Assets
Component Units

June 30, 2003 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,857	$ 3,790	$ 252,592	$ 133,235
Investments	486,933	59,982	40,113	12,039
Receivables:				
Accounts, net	—	22,755	173,255	48,059
Notes/Loans/Mortgages/Pledges, net	13,547	—	10,267	12,064
Accrued Interest	7,517	1,060	2,330	—
Due From Primary Government	—	—	4,812	—
Prepaid Items	1,092	—	—	5,723
Inventories	—	—	23,440	3,025
Deferred Charges	—	—	12,338	—
Total Current Assets	513,946	87,587	519,147	214,145
Noncurrent Assets:				
Restricted Investments	70,370	—	230,252	34,510
Accounts Receivables, net	—	—	—	1,734
Investments	121,662	94,965	280,288	8,655
Notes/Loans/Mortgages/Pledges Receivables, net	805,407	—	27,840	8,049
Deferred Charges	14,805	—	19,633	—
Other Assets	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	1,185	1,359	1,024,498	330,335
Total Noncurrent Assets	1,013,429	96,324	1,582,511	383,283
Total Assets	1,527,375	183,911	2,101,658	597,428
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	42,653	7,929	101,499	33,229
Securities Lending Liability	—	17,523	—	—
Deposits	—	—	61,463	8,852
Due To Primary Government	—	645	13,765	249
Deferred Revenue	—	6,209	19,107	26,727
Policy Claims Liabilities	—	—	—	—
Current Portion of Long-term Liabilities (Note 10)	243,280	40,604	23,690	9,471
Total Current Liabilities	285,933	72,910	219,524	78,528
Noncurrent Liabilities:				
Accrued Liabilities	1,840	—	—	—
Deferred Revenue	—	—	—	572
Deposits	—	—	9,613	—
Long-term Liabilities (Note 10)	1,048,381	39,650	327,213	66,686
Total Noncurrent Liabilities	1,050,221	39,650	336,826	67,258
Total Liabilities	1,336,154	112,560	556,350	145,786
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,185	1,359	692,717	280,754
Restricted for:				
Nonexpendable:				
Higher Education	—	—	207,450	48,355
Expendable:				
Higher Education	—	—	272,044	70,624
Debt Service	153,453	—	—	—
Insurance Plans	—	69,992	—	—
Other	—	—	—	—
Unrestricted	36,583	—	373,097	51,909
Total Net Assets	$ 191,221	$ 71,351	$ 1,545,308	$ 451,642

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
$ 151,982	$ 546,456
19,399	618,466
23,129	267,198
3,436	39,314
234	11,141
—	4,812
4,674	11,489
7,976	34,441
338	12,676
211,168	1,545,993
85,882	421,014
403	2,137
31,560	537,130
18,473	859,769
—	34,438
16,991	16,991
677,705	2,035,082
831,014	3,906,561
1,042,182	5,452,554
21,704	207,014
—	17,523
2,408	72,723
4,263	18,922
16,780	68,823
2,660	2,660
16,228	333,273
64,043	720,938
2,166	4,006
—	572
1,049	10,662
97,706	1,579,636
100,921	1,594,876
164,964	2,315,814
599,064	1,575,079
56,382	312,187
103,797	446,465
—	153,453
—	69,992
7,358	7,358
110,617	572,206
$ 877,218	$ 3,136,740

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 78,968	$ 342,815	$ 1,657,328	$ 392,875
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	117,109	71,037
Scholarship Allowances	—	—	(9,313)	(23,680)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $27,117)	85,556	346,869	1,064,906	55,702
Operating Grants and Contributions	—	7,017	317,377	171,848
Capital Grants and Contributions	—	—	28,052	12,130
Total Program Revenues	85,556	353,886	1,518,131	287,037
Net (Expenses) Revenues	6,588	11,071	(139,197)	(105,838)
General Revenues:				
State Appropriations	—	—	227,821	124,049
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	7,174	985
Special Item: Technology Finance Corporation Liquidation Transfers	—	—	—	—
Total General Revenues and Special Item	0	0	234,995	125,034
Change in Net Assets	6,588	11,071	95,798	19,196
Net Assets – Beginning	184,633	—	1,466,294	432,446
Adjustments to Beginning Net Assets:				
Fund Reclassified from Internal Service Funds	—	60,280	—	—
Other Adjustments	—	—	(16,784)	—
Net Assets – Beginning as Adjusted	184,633	60,280	1,449,510	432,446
Net Assets – Ending	$ 191,221	$ 71,351	$ 1,545,308	$ 451,642

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
$ 650,660	$ 3,122,646
188,163	376,309
(34,651)	(67,644)
89,656	1,642,689
133,532	629,774
14,669	54,851
391,369	2,635,979
(259,291)	(486,667)
258,939	610,809
709	709
5,358	13,517
(2,685)	(2,685)
262,321	622,350
3,030	135,683
874,188	2,957,561
—	60,280
—	(16,784)
874,188	3,001,057
$ 877,218	$ 3,136,740

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Reporting Entity

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: 1) the ability of the State to impose its will on that organization or; 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Utah State Auditor's Office, 211 State Capitol, Salt Lake City, UT 84114.

Entities such as the local school districts and local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Uniform School Fund, a special revenue fund.)

Blended Component Units

Blended component units are entities which are legally separate from the State but which are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State. The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations. The colleges and universities, the Public Employees Health Program and the Comprehensive Health Insurance Pool are included as component units due to the level of oversight provided by the State. The Governor-appointed board members of the remaining component units can be replaced at will.

The State's major discrete component units are:

- Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

- Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for other public entities within Utah. In prior years, the Program was reported as an internal service fund of the State. However, the Program was reevaluated and is now considered more appropriately reported as a discrete component unit. The Program is administered by the Utah State Retirement Board.

- University of Utah and Utah State University — These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

- Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.

- Heber Valley Historic Railroad Authority — The Authority is an independent state agency which maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority has a separate compilation report, but separate audited financial statements are not required or issued for it.

- Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

- Utah Science Center Authority — The Authority is an independent state agency created to provide a means to foster the development of science, arts, tourism, and cultural and educational facilities. The Authority currently functions as an advisory board to other organizations. It had expended its net assets as of June 30, 2003, and is not expected to have any financial activity in the future. Separate audited financial statements are not required or issued for the Authority.

- Utah Technology Finance Corporation — This independent corporation encouraged and assisted in the growth of technological and small businesses. The Corporation's enabling legislation was repealed and the Corporation transferred its remaining liquidation proceeds to the State before the Corporation's final dissolution on June 30, 2003.

- Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley State College, Dixie State College of Utah, College of Eastern Utah, Snow College, and the College of Applied Technology. Separate audited financial statements are not required or issued for the College of Applied Technology; however, its significant branch campuses each issue separate audited financial statements.

Fiduciary Component Units

Utah Retirement Systems (pension trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

B. **Government-wide and Fund Financial Statements**

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal

grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

Major Governmental Funds — The State reports the following major governmental funds:

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- **Uniform School Fund**. This special revenue fund accounts primarily for revenues and expenditures that support public elementary and secondary schools in the State.

- **Transportation Fund**. This special revenue fund accounts for revenues and expenditures associated with highway construction and maintenance.

- **Centennial Highway Fund**. This special revenue fund was created by the Legislature to account for specific highway projects.

- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of such lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations and rural development programs. The capital projects funds account for the resources used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

The proprietary funds follow all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs**. These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.

- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.

- **Water Loan Programs**. This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

Nonmajor Enterprise Funds — The State's nonmajor enterprise funds include loan programs for communities, low-income housing, agricultural and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

Internal Service Funds — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include information technology, fleet operations, risk management, copy and mail services, debt collection, and property management. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

Pension Trust Funds — These funds account for the transactions, assets, liabilities, and fund equity of the retirement systems and plans administered by Utah Retirement Systems.

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples

include the Utah Navajo Nation Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Education Savings Plan Trust.

Agency Funds — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

D. **Fiscal Year Ends**

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the pension trust funds (fiduciary funds) and the Utah Dairy Commission (a nonmajor enterprise fund), which have fiscal years ending December 31.

E. **Assets, Liabilities, and Net Assets/Fund Balances**

Cash and Cash Equivalents and Investments

Cash and investment management in the State is administered by the State Treasurer in accordance with the Money Management Act, Section 51–7 of the *Utah Code*. The Act specifies the investments that may be made, which are only high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The investments include variable rate corporate notes and obligations of U.S. government agencies which base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate and, therefore, there is very little market risk because the investments follow the normal swings of interest rates. The Utah Housing Corporation and Public Employees Health Program (component units), and the Pension Trust Funds are exempt from the Act; however, they are governed statutorily by the prudent man rule. The Pension Trust Funds are invested in domestic and international equities and fixed income, corporate and government bonds, short-term securities, real estate and real estate mortgages, joint ventures, and venture capital.

- Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

- All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

- Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems (pension trust funds) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

- The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

- Utah Retirement Systems (pension trust funds) held two types of derivative financial instruments at yearend: futures and currency forwards. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed interest rate swap contracts. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivable for governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing.

Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for the following which are recorded as expenditures when consumed: inventories for the Transportation Fund, and food stamps coupon inventories in the General Fund. Transportation Fund inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets are defined by the State as assets, which cost $5 thousand or more when acquired and have an estimated useful life greater than one year. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment	3-15
Aircraft and Heavy Equipment	5-30
Buildings and Improvements	30-40
Land Improvements	5-20
Infrastructure	15-80

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (roads and bridges) maintained by the State's Department of Transportation. Under this approach, depreciation expense is not recorded and only improvements which expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: 1) maintain an inventory of the assets and perform periodic condition assessments; 2) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and 3) document that the assets are being preserved approximately at or above the condition level set by the State.

Most works of art and historical treasures are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Deferred Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, deferred revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (enterprise fund) are primarily guarantee fees which are recognized as income over a period of ten years using the sum-of-the-years-digits method.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. Policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date.

Long-term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the

current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments to the federal government at least once every five years over the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2003, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was $52.884 million, of which $48.413 million represents yield reduction payments and $4.471 million represents the estimated liabilities for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Leave/Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination.

Employees earn sick leave at a rate of four hours for each two week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination except employees eligible for retirement. Sick leave is expended when used. At retirement, for participating agencies, the State will pay an employee up to 25 percent of the employee's accumulated sick leave and will pay for premiums to maintain health and life insurance coverage for up to five years or until the employee turns age 65, whichever comes first. The employee may use any remaining sick leave balances to acquire health insurance to age 65, and since fiscal year 1999, health insurance for the employee's spouse until they reach age 65, and Medicare supplement insurance after age 65 for both the employee and their spouse. An estimate of the liability for the above leave and retirement benefits has been recorded in the governmental activities column of the government-wide Statement of Net Assets.

The State maintains compensated absences and postemployment benefit pools within the General Fund, Uniform School Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination and payment of postemployment benefits are made from the compensated absences and postemployment benefit pools. Proprietary funds and private purpose trust funds of the primary government also participate in the pools and have no liability for leave or postemployment benefits once their contributions to the pools have been made.

The total liability of the governmental activities for vacation leave and postemployment benefits is recorded in the government-wide Statement of Net Assets. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Notes 10 and 18 for additional information about the liability.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and postemployment benefits policies vary slightly among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements, and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as reserved, designated, or unreserved. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

F. **Revenues and Expenditures/Expenses**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and other commodities, and food stamps. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal

year ended June 30, 2003, the State reported revenue and expenditures of $92.893 million for food assistance programs and $6.944 million for commodities in the General Fund, and $12.2 million for commodities in the Uniform School Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

Most state employees participate in a pension system and/or plan administered by Utah Retirement Systems. Contributions collected for the pension systems and plans and the retirement benefits paid are both accounted for in the Pension Trust Funds. All costs for pension, health, and federal social security contributions in governmental fund types are reported as expenditures in the appropriate function. Benefit costs applicable to proprietary fund types are reflected as expenses in the proprietary funds.

G. **Interfund Transactions**

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

NOTE 2. BEGINNING NET ASSET ADJUSTMENTS

As discussed in Note 1.A, the Public Employees Health Program (PEHP) was reevaluated and is now reported as a discrete component unit. It was previously reported as an internal service fund. As a result of this change, a reclassification of $60.28 million was made to reduce beginning net assets of internal service funds and increase beginning net assets of component units. PEHP amounts included in the governmental activities on the prior year Statement of Net Assets and Statement of Activities included the following: $158.873 million total assets; $98.593 million total liabilities; $152.535 million total revenues; and, $139.482 million total expenses.

Adjustments to beginning net assets of governmental activities reported on the Statement of Net Assets resulted in a net increase of $117.753 million. The adjustments increased infrastructure and construction-in-progress capital assets for prior year payments that should have been capitalized rather than expensed. The adjustments also reduced the recorded amount of a building and made miscellaneous corrections to project costs included in construction-in-progress. Had these changes been made in the prior year, the effect on governmental activities on the prior year Statement of Activities would have been as follows: $131.615 million reduction in expenses, and $13.862 million reduction in beginning net assets. The effects of these adjustments on beginning amounts reported for each component of capital assets is described in Note 8. Also, the method of classifying the net asset balances on the government-wide Statement of Net Assets was adjusted to more accurately match assets with their associated debt. The impact of this classification change on prior year net assets of governmental activities would have been to increase unrestricted net assets and decrease invested in capital assets, net of related debt by $95.785 million.

An adjustment was made to reduce beginning net assets of the University of Utah (component unit) by $16.784 million for construction of a building that was determined not to be an asset of the University.

NOTE 3. DEPOSITS AND INVESTMENTS

Listed below is a summary of the deposit and investment portfolio that represents the cash and cash equivalents and investments on the June 30, 2003, balance sheet. Investing is governed by the prudent man rule, in accordance with the Money Management Act, Section 51–7, Utah Code Annotated, 1953, as amended. Except certain repurchase agreements, all securities of the primary government purchased or held and all evidence of deposits and investments must be in the custody of the State, or may be held by an agent in the State's name. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

A. **Deposits**

At June 30, 2003, the carrying amount of the State's deposits for the primary government was $593.911 million and $109.141 million for

the component units. At June 30, 2003, the bank balance was $75.067 million and $127.268 million for the primary government and component units, respectively. Of the bank balance for the primary government, $3.449 million was covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the State's agent in the name of the State. Of the bank balance for the component units, $3.572 million was covered by the FDIC or by collateral held by their agent in the name of the component unit. The remaining deposits for the primary government and component units were uninsured and uncollateralized and were held by various financial institutions. The State of Utah does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for the deposit of public money at individual financial institutions.

B. **Investments**

Statutes authorize the State to invest in negotiable and non-negotiable certificates of deposit; repurchase and reverse repurchase agreements; commercial paper; bankers' acceptances; obligations of the U.S. Treasury and certain agencies of the U.S. Government; corporate obligations; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; shares or certificates in open-end managed money market mutual funds; and various other investments. Authorized investments are subject to certain restrictions. Certain state agencies and component units are also allowed by statute to invest in investment contracts, equity securities, real estate, and other investments. In addition to investments authorized by statute, bond proceeds are invested in other investments in accordance with the applicable bond resolutions. Investment types for Pension Trust Funds and certain other funds and component units are not restricted by state statute.

The following table provides information about the credit and market risks associated with the State's investments. Category 1 includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the State's name.

Credit and Market Risks of Investments – Primary Government
(Expressed in Thousands)

	Category			
	1	**2**	**3**	**Fair Value**
Repurchase Agreements	$ —	$ 183	$ 59,774	$ 59,957
U.S. Government Securities	495,294	4,132	—	499,426
Negotiable Certificates of Deposit	165,285	—	—	165,285
Commercial Paper	2,985	—	—	2,985
Corporate Bonds and Notes	7,541,538	—	—	7,541,538
Equity Securities	5,992,166	—	—	5,992,166
Total	$ 14,197,268	$ 4,315	$ 59,774	14,261,357
Mutual and Escrow Funds				2,231,451
Investment Contracts				57,035
Investment in U.S. Treasury Investment Pool				405,095
Component Units Investment in Primary Government's Investment Pool				(477,894)
Real Estate				467,429
Real Estate Mortgages				3,984
Real Estate Joint Ventures				657,747
Venture Capital				761,986
Investments Held by Broker-Dealers Under Securities Lending Program:				
U.S. Government Securities				473,739
Equity Securities				768,499
Corporate Bonds and Notes				138,925
Securities Lending Short-term Collateral Investment Pool				1,418,572
Total Investments				$ 21,167,925

The Pension Trust Funds own approximately 61 percent of the investments that are in Category 1.

Credit and Market Risks of Investments – Component Units
(Expressed in Thousands)

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreements	$ —	$ —	$ 20,226	$ 20,226
U.S. Government Securities	208,874	197,430	19,637	425,941
Negotiable Certificates of Deposit	1,765	—	—	1,765
Corporate Bonds and Notes	29,538	827	11,734	42,099
Equity Securities	20,729	12,891	13,829	47,449
Municipal and Public Utility Bonds	558	—	1,272	1,830
Total	$ 261,464	$ 211,148	$ 66,698	539,310
Mutual and Escrow Funds				602,360
Investment Contracts				349,430
Investment in Primary Government's Investment Pool				477,894
Real Estate				3,552
Investments Held by Broker-Dealers Under Securities Lending Program:				
Equity Securities				23,856
Securities Lending Short-term Collateral Investment Pool				17,523
Total Investments				$ 2,013,925

C. **Securities Lending**

The Utah Retirement Systems (pension trust funds) and the Public Employees Health Program (component unit) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in both state entities' financial records and are classified in the following summary of custodial risk. Corresponding liabilities for collateral received are recorded at the fair value.

At yearend neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.381 billion and $23.856 million, respectively, and the collateral received for those securities on loan was $1.419 billion and $24.543 million, respectively, with carrying amount and fair value being the same. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

D. **Derivative Financial Instruments**

Utah Retirement Systems

The Utah Retirement Systems (pension trust funds) invests in derivative financial investments as authorized by Board policy. The derivatives held by the Systems are reported at their fair values on the statement of net assets and are not subject to the disclosures now required by GASB Technical Bulletin No. 2003-1. As of yearend, the Systems had three types of derivative financial instruments: futures, currency forwards, and options.

Futures represent commitments to purchase (asset) or sell (liability) securities or money market instruments at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded), thereby minimizing the Systems' credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains

(losses) in the Statement of Changes in Net Assets. At yearend the Systems' investments had the following futures balances (expressed in millions):

	Value Covered By Contract
Long-equity futures	$ 91.832
Short-equity futures	$ (37.303)
Long-debt securities futures	$ 148.482
Short-debt securities futures	$ (255.009)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At yearend the Systems' investments included the following currency forwards balances (expressed in millions):

Currency forwards (*pending foreign exchange purchases)*	$ 547.130
Currency forwards (*pending foreign exchange sales)*	$ (544.384)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the Systems receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the Systems pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At yearend the Systems' investments had the following options balances (expressed in thousands):

	Value Covered By Contract
Cash and cash equivalent purchased put options	$ (486)
Cash and cash equivalent purchased call options	$ (665)
Fixed income written put options	$ (258)
Fixed income written call options	$ (2,245)

Utah Housing Corporation

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major component unit) as required by GASB Technical Bulletin No. 2003-1.

Objective — In order to protect against the potential of rising interest rates, the Corporation has entered into 34 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2003. The cost of these swaps is less than what the Corporation would have paid to issue fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information about each swap is included in the Corporation's separately issued financial statements.

Terms, Fair Values, and Credit Risk — The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2003, are summarized below. The notional amounts of the swaps match the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

Utah Housing Corporation
Terms, Fair Values, and Credit Risk
June 30 2003
(Expressed in Thousands)

Outstanding Notional Amount	Issue Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Swap Termination Dates
$ 106,350	2000–2002	4.640% to 7.760%	LIBOR* plus .15%	$ (15,800)	2006–2019
$ 252,780	2000–2003	3.939% to 5.610%	BMA** plus .27%	$ (40,798)	2018–2027

* London Interbank Offered Rate
** The Bond Market Association Municipal Swap Index

Fair Values — Because interest rates have declined, all swaps had a negative fair value to the Corporation as of June 30, 2003. The negative fair values are a function of declining interest rates and the remaining term on the swap contracts. Because the coupons on the Corporation's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. However, bond proceeds were used to acquire fixed rate mortgage loans, which support the fixed payer rate on the swaps. Although these mortgage loans do have higher than current market interest rates, they have not been adjusted for fair value on the financial statements.

The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk — As of June 30, 2003, the Corporation was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the Corporation would be exposed to credit risk in the amount of the derivatives' fair value. The Corporation executes swap transactions with one counterparty, Lehman Brothers Financial Products, Inc. That Counterparty is rated AAA/Aaa.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments are equivalent to the BMA rate. Its taxable variable-rate bond coupon payments are equivalent to the LIBOR rate. The Corporation is therefore not exposed to basis risk except as disclosed below under the tax risk.

Tax Risk — Nineteen of the Corporation's BMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and BMA to exceed 75 percent for a continuous period of 180 days. If these two triggers occur, the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. As of June 30, 2003, no "Tax Event" has occurred.

Termination Risk — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract.

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2003, the Corporation's swap termination dates ranged from 7 to 24 years prior to the maturity dates of the associated debt.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51–7, *Utah Code Annotated, 1953,* as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2003, are as follows:

(Table presented on next page)

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2003
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 277,272
Investments	5,493,890
Interest Receivable	13,974
Net Assets	$ 5,785,136
Net Assets Consist of:	
External Participant Account Balances	$ 3,920,264
Internal Participant Account Balances:	
Primary Government	1,359,091
Component Units	477,894
Undistributed Reserves and Unrealized Gains/Losses	27,887
Net Assets	$ 5,785,136
Participant Account Balance Net Asset Valuation Factor	1.001434

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2003
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 8,204,151
Investment Income:	
Investment Earnings	110,559
Fair Value Increases (Decreases)	22,628
Total Investment Income	133,187
Less Administrative Expenses	(131)
Net Investment Income	133,056
Total Additions	8,337,207
Deductions	
Pool Participant Withdrawals	7,687,765
Earnings Distributions	108,155
Total Deductions	7,795,920
Net Increase From Operations	541,287
Net Assets	
Beginning of Year	5,243,849
Net Assets – End of Year	$ 5,785,136

Deposits and Investments

The following disclosure of deposits and investments is for the Public Treasurer's Investment Fund, which includes external and internal participants. These assets are also included in Note 3, disclosure of deposits and investments for the state entity as a whole. Information on the type of deposits and investments and how they are held is disclosed in Note 3. At June 30, 2003, the PTIF investments included certificates of deposit of $34.5 million that qualify as deposits. Of this amount, $300 thousand was covered by the Federal Deposit Insurance Corporation (FDIC) and $34.2 million was uninsured and uncollateralized and was held by various financial institutions. The following schedule provides information about the credit and market risks associated with the State's investments. Category 1 includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

Public Treasurer's Investment Fund
Credit and Market Risks of Investments
June 30, 2003
(*Expressed in Thousands*)

	Category 1	Fair Value
Negotiable CDs	$ 165,180	$ 165,180
Money Market Funds	270,000	270,000
U.S. Government Securities	479,951	479,951
Corporate Bonds and Notes	4,821,531	4,821,531
Total Investments	$ 5,736,662	$ 5,736,662

Public Treasurer's Investment Fund
Portfolio Statistics

June 30, 2003

	Range of Yields	Weighted Average Maturity
Money Market Funds	1.05% – 1.25%	1 day
Certificates of Deposit	1.35% – 2.00%	26.8 days
U.S. Government Securities	1.00% – 2.50%	63.57 days
Corporate Bonds and Notes	1.06% – 4.05 %	47.78 days

June 30, 2003

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	1.63%	46.17 days

NOTE 5. RECEIVABLES

Receivables as of June 30, 2003, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/ Mortgages
Governmental Activities:						
General Fund	$ 296,280	$ 187,595	$ 17,061	$ 49	$ 226,712	$ 6,064
Uniform School Fund	41,303	—	304	—	355,260	6,624
Transportation Fund	53,065	73	5,514	—	54,435	615
Centennial Highway Fund	24,997	—	—	—	659	—
Trust Lands	—	—	14,164	1,031	—	6,009
Nonmajor Funds	—	29,135	—	62	—	155
Internal Service Funds	—	2,862	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	6,981	—	—	—
Total Receivables	415,645	219,665	44,024	1,142	637,066	19,467
Less Allowance for Uncollectibles:						
General Fund	—	(56,511)	—	—	(14,810)	(1,161)
Uniform School Fund	—	—	—	—	(96,626)	—
Transportation Fund	—	—	(200)	—	(910)	—
Centennial Highway Fund	—	—	—	—	(50)	—
Internal Service Funds	—	(132)	—	—	—	—
Receivables, net	$ 415,645	$ 163,022	$ 43,824	$ 1,142	$ 524,670	$ 18,306
Current Receivables	$ 415,645	$ 111,525	$ 31,377	$ 1,142	$ 482,152	$ 1,933
Noncurrent Receivables	—	51,497	12,447	—	42,518	16,373
Total Receivables (net)	$ 415,645	$ 163,022	$ 43,824	$ 1,142	$ 524,670	$ 18,306
Business-type Activities:						
Student Assistance Programs	$ 7,589	$ 600	$ —	$ 17,356	$ —	$ 1,129,174
Unemployment Compensation	1,644	47,385	—	—	—	—
Water Loan Programs	226	—	—	7,823	578	431,673
Nonmajor Funds	—	7,610	842	2,822	—	241,836
Total Receivables	9,459	55,595	842	28,001	578	1,802,683
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(4,492)
Unemployment Compensation	—	(11,332)	—	—	—	—
Water Loan Programs	—	—	—	—	(26)	—
Receivables, net	$ 9,459	$ 44,263	$ 842	$ 28,001	$ 552	$ 1,798,191

Accounts receivable balances are an aggregation of amounts due from the federal government, customers and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds which were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2003, were $1.134 billion for major component units and $45.675 million for nonmajor component units, net of an allowance for doubtful accounts of $39.888 million and $2.378 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2003, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds	Interest	Total
Governmental Activities:							
General Fund	$ 55,383	$ 129,704	$ 31,814	$ 82,327	$ 4,863	$ —	$ 304,091
Uniform School Fund	2,634	1,825	3,789	33,168	37,126	—	78,542
Transportation Fund	6,775	211	55,731	38,668	572	—	101,957
Centennial Highway Fund	—	—	68	—	—	—	68
Nonmajor Funds	28	—	21,628	283	—	30,925	52,864
Internal Service Funds	2,012	—	7,858	—	—	6	9,876
Adjustments:							
Fiduciary Funds	—	—	—	462	—	—	462
Other	—	—	—	—	—	1,598	1,598
Total Governmental Activities	$ 66,832	$ 131,740	$ 120,888	$ 154,908	$ 42,561	$ 32,529	$ 549,458
Business-type Activities:							
Student Assistance Programs	$ 1,391	$ —	$ 6,357	$ 1,982	$ —	$ 3,903	$ 13,633
Unemployment Compensation	—	477	281	—	—	—	758
Water Loan Programs	—	—	415	—	—	20	435
Nonmajor Funds	1,091	—	10,087	56	—	136	11,370
Adjustments:							
Fiduciary Funds	—	—	—	76	—	—	76
Other	—	—	—	—	—	(1,116)	(1,116)
Total Business-type Activities	$ 2,482	$ 477	$ 17,140	$ 2,114	$ 0	$ 2,943	$ 25,156

Accounts payable and accrued liability balances are an aggregation of amounts due to: 1) state employees for salaries/benefits; 2) service providers for childcare, job services and health services; 3) vendors and miscellaneous suppliers; 4) local and federal governments for services; 5) individuals and others as a result of tax overpayments; and 6) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds which were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2003, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund	$ 1,672
Transportation Fund	1,075
Trust Lands Fund	44
Nonmajor Governmental Funds	609
Unemployment Compensation Fund	1,992
Water Loan Programs	52
Nonmajor Enterprise Funds	8,887
Internal Service Funds	1,320
Fiduciary Funds	6,920
Total due to General Fund from other funds	$ 22,571
Due to Uniform School Fund from:	
General Fund	805
Trust Lands Fund	5
Unemployment Compensation Fund	752
Nonmajor Enterprise Funds	1,176
Internal Service Funds	159
Total due to Uniform School Fund from other funds	$ 2,897
Due to Transportation Fund from:	
General Fund	252
Uniform School Fund	2
Centennial Highway Fund	17,607
Nonmajor Governmental Funds	137
Nonmajor Enterprise Funds	2
Internal Service Funds	3,839
Total due to Transportation Fund from other funds	$ 21,839
Due to Centennial Highway Fund from Transportation Fund	$ 42
Due to Trust Lands Fund from Nonmajor Enterprise Funds	$ 3,796
Due to Nonmajor Governmental Funds from:	
General Fund	3,455
Uniform School Fund	10
Nonmajor Governmental Funds	22
Nonmajor Enterprise Funds	68
Internal Service Funds	569
Fiduciary Funds	59
Total due to Nonmajor Governmental Funds from other funds	$ 4,183
Due to Water Loan Programs from:	
General Fund	120
Trust Lands Fund	19
Nonmajor Governmental Funds	3
Nonmajor Enterprise Funds	17
Total due to Water Loan Programs from other funds	$ 159
Due to Nonmajor Enterprise Funds from:	
General Fund	663
Uniform School Fund	4
Transportation Fund	100
Trust Lands Fund	57
Nonmajor Governmental Funds	1,630
Total due to Nonmajor Enterprise Funds from other funds	$ 2,454
Due to Internal Service Funds from:	
General Fund	8,367
Uniform School Fund	314
Transportation Fund	2,202
Nonmajor Governmental Funds	673
Nonmajor Enterprise Funds	114
Internal Service Funds	137
Fiduciary Funds	2
Total due to Internal Service Funds from other funds	$ 11,809
Due to Fiduciary Funds from:	
General Fund	335
Transportation Fund	13
Trust Lands Fund	35
Nonmajor Governmental Funds	59
Water Loan Programs	20
Nonmajor Enterprise Funds	56
Internal Service Funds	20
Total due to Fiduciary Funds from other funds	$ 538
Total Due to/Due froms	$ 70,288

These balances resulted from the time lags between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

Interfund Loans

Interfund loans at June 30, 2003, consisted of the following (in thousands):

Payable to General Fund from Internal Service Funds	$ 43,546
Payable to Internal Service Funds from Centennial Highway Fund	2,478
Payable to Nonmajor Enterprise Funds from Internal Service Funds	80
Total Interfund Loans Receivable/Payable	$ 46,104

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance of $46.104 million includes $25.340 million which is not expected to be repaid within one year.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	$ 607,265	$ 65,007	$ (465)	$ 671,807
Infrastructure	7,355,261	158,537	(643)	7,513,155
Construction-In-Progress	381,843	373,157	(207,514)	547,486
Total Capital Assets not being Depreciated	8,344,369	596,701	(208,622)	8,732,448
Capital Assets being Depreciated:				
Buildings and Improvements	895,211	28,875	(5,747)	918,339
Infrastructure	11,568	1,566	—	13,134
Machinery and Equipment	430,533	40,519	(43,766)	427,286
Total Capital Assets being Depreciated	1,337,312	70,960	(49,513)	1,358,759
Less Accumulated Depreciation for:				
Buildings and Improvements	(276,282)	(25,320)	4,839	(296,763)
Infrastructure	(3,365)	(491)	—	(3,856)
Machinery and Equipment	(264,666)	(46,960)	35,456	(276,170)
Total Accumulated Depreciation	(544,313)	(72,771)	40,295	(576,789)
Total Capital Assets being Depreciated, Net	792,999	(1,811)	(9,218)	781,970
Capital Assets, Net	$ 9,137,368	$ 594,890	$(217,840)	$ 9,514,418
Business-type Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	$ 12,195	$ 3,123	$ (981)	$ 14,337
Construction-In-Progress	1,153	129	(787)	495
Total Capital Assets not being Depreciated	13,348	3,252	(1,768)	14,832
Capital Assets being Depreciated:				
Buildings and Improvements	30,583	9,886	(361)	40,108
Machinery and Equipment	10,984	336	(181)	11,139
Total Capital Assets being Depreciated	41,567	10,222	(542)	51,247
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,894)	(790)	16	(5,668)
Machinery and Equipment	(7,948)	(1,405)	162	(9,191)
Total Accumulated Depreciation	(12,842)	(2,195)	178	(14,859)
Total Capital Assets being Depreciated, Net	28,725	8,027	(364)	36,388
Capital Assets, Net	$ 42,073	$ 11,279	$ (2,132)	$ 51,220

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (component units) that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and "transferred" to the colleges and universities. For fiscal year 2003, $15.207 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of component units.

In the beginning balance column above, machinery and equipment of the governmental activities was reduced by $3.639 million and the related accumulated depreciation was reduced by $2.089 million from the amounts reported in the prior year. These adjustments were due to the Public Employees Health Program being reclassified from an internal service fund to a discrete component unit as described in Note 1 A. Also, amounts in the beginning balances column above have been adjusted by a net $117.753 million as follows: infrastructure was increased by $9.005 million; construction-in-progress was increased by $121.932 million; and buildings and improvements were reduced by $20.314 million and the related accumulated depreciation was reduced by $7.13 million. These adjustments corrected beginning balances as described in Note 2.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government	$ 7,646
Human Services and Youth Corrections	6,017
Corrections, Adult	5,257
Public Safety	2,826
Courts	4,603
Health and Environmental Quality	2,031
Employment and Family Services	2,002
Natural Resources	5,041
Community and Economic Development	482
Business, Labor, and Agriculture	1,162
Public Education	948
Transportation	12,557
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	22,199
Total	$ 72,771

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets not being Depreciated:						
Land and Related Assets	$ 250	$ —	$ 45,969	$ 10,516	$ 45,960	$ 102,695
Construction-In-Progress	—	—	68,513	32,112	8,603	109,228
Total Capital Assets not being Depreciated	250	0	114,482	42,628	54,563	211,923
Capital Assets being Depreciated:						
Building and Improvements	1,307	—	1,030,348	374,511	820,110	2,226,276
Infrastructure	—	—	107,613	—	22,159	129,772
Machinery and Equipment	1,070	3,861	558,426	138,854	150,135	852,346
Total Capital Assets being Depreciated	2,377	3,861	1,696,387	513,365	992,404	3,208,394
Less Total Accumulated Depreciation	(1,442)	(2,502)	(786,371)	(225,658)	(369,262)	(1,385,235)
Total Capital Assets being Depreciated, Net	935	1,359	910,016	287,707	623,142	1,823,159
Discretely Presented Component Units – Capital Assets, Net	$ 1,185	$ 1,359	$ 1,024,498	$ 330,335	$ 677,705	$ 2,035,082

The State had long-term construction project commitments totaling $119.097 million at June 30, 2003. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

Capital Projects Fund
Construction Project Commitments
(Expressed in Thousands)

Project	Description	Remaining Construction Commitment
02029	USU Merrill Library	$ 22,208
01074	New Legislative Buildings	18,492
01020	Four Campus Classrooms	11,146
02156	State Capitol Parking Structure	9,306
00018	Dixie College – Eccles Fine Arts Center	7,883
01312	SUU – New Student Housing	7,663
02015	Washington County Youth Corrections Facility	5,622
99219	USU Edith Bowen School Renovation	3,372
02042	U of U – Health Sciences Education Building	2,629
00253	Snow College – Performing Arts Building	2,281
01009	U of U – Moran Eye Center Phase II	2,146
02149	WSU – Lampros Hall Renovation	1,909
02032	U of U – Marriott Library Renovation	1,682
97097	State Capitol Remodel Planning/Design	1,484
00269	UVSC – Wasatch Campus Building	1,469
98239	State Hospital – Rampton Bldg Phase II	1,376
—	All Others	18,429
	Total Commitments	$ 119,097

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases that in substance are purchases are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were $2.18 million in principal and $1.102 million in interest for fiscal year 2003. The historical cost and accumulated depreciation of the primary government's assets acquired through capital leases were $21.125 million and $6.142 million, respectively, as of June 30, 2003.

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2003 were $26.473 million for the primary government and $16.532 million for component units. For fiscal year 2002, the operating lease expenditures were $31.163 million for the primary government and $17.609 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2003, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

	Operating Leases			Capital Leases		
Fiscal Year	**Primary Government**	**Component Units**	**Total**	**Primary Government**	**Component Units**	**Total**
2004	$ 19,540	$ 15,427	$ 34,967	$ 2,075	$ 16,536	$ 18,611
2005	15,342	13,844	29,186	2,082	12,168	14,250
2006	12,349	12,124	24,473	2,078	8,868	10,946
2007	7,805	19,227	27,032	1,996	6,393	8,389
2008	4,050	8,948	12,998	1,927	5,082	7,009
2009–2013	9,886	22,896	32,782	5,217	43,473	48,690
2014–2018	6,318	380	6,698	2,029	580	2,609
2019–2023	2,595	206	2,801	940	—	940
2024–2028	110	137	247	423	—	423
2029–2033	—	28	28	—	—	—
Total Future Minimum Lease Payments	$ 77,995	$ 93,217	$ 171,212	18,767	93,100	111,867
Less Amounts Representing Interest				(5,921)	(18,857)	(24,778)
Present Value of Future Minimum Lease Payments				$ 12,846	$ 74,243	$ 87,089

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2003, are presented in the following schedule. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities
(Expressed in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 1,474,400	$ 660,505	$ (511,225)	$ 1,623,680	$ 111,810
State Building Ownership Authority Lease Revenue Bonds	342,378	1,302	(12,143)	331,537	12,728
Net Unamortized Premiums/(Discounts)	27,642	87,756	(7,963)	107,435	—
Deferred Amount on Refunding	—	(15,828)	1,790	(14,038)	—
Capital Leases (Note 9)	15,026	—	(2,180)	12,846	1,072
Compensated Absences (Notes 1 and 18)	135,541	52,069	(52,864)	134,746	58,503
Postemployment Benefits (Note 18)	213,633	15,410	(12,601)	216,442	12,615
Claims (Note 19)	46,814	5,674	(8,829)	43,659	10,860
Arbitrage Liability (Note 1)	99	4	—	103	—
Total Governmental Long-term Liabilities	$ 2,255,533	$ 806,892	$ (606,015)	$ 2,456,410	$ 207,588
Business-type Activities					
Revenue Bonds	$ 1,231,460	$ 119,750	$ (37,605)	$ 1,313,605	$ 6,158
State Building Ownership Authority Lease Revenue Bonds	22,858	—	(517)	22,341	917
Net Unamortized Premiums/(Discounts)	269	—	(4)	265	—
Capital Leases (Note 9)	96	—	(96)	—	—
Arbitrage Liability (Note 1)	36,830	16,066	(12)	52,884	1,116
Total Business-type Long-term Liabilities	$ 1,291,513	$ 135,816	$ (38,234)	$ 1,389,095	$ 8,191
Component Units					
Revenue Bonds	$ 1,574,607	$ 352,540	$ (273,565)	$ 1,653,582	$ 257,769
Net Unamortized Premiums/(Discounts)	92	310	(3)	399	—
Capital Leases/Contracts Payable (Notes 9 and 10)	80,920	10,514	(13,645)	77,789	12,984
Notes Payable	25,543	14,923	(7,449)	33,017	3,983
Claims (Note 19)	79,895	341,365	(341,006)	80,254	40,604
Leave/Postemployment Benefits (Notes 1 and 18)	66,722	18,733	(17,587)	67,868	17,933
Total Component Unit Long-term Liabilities	$ 1,827,779	$ 738,385	$ (653,255)	$ 1,912,909	$ 333,273

Compensated absences and postemployment benefits liabilities of governmental activities are liquidated in the General Fund, Uniform School Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

In the beginning balances column above, claims liabilities of the governmental activities was reduced by $79.895 million and claims liabilities of component units was increased by $79.895 million from the amounts reported in the prior year. These adjustments were due to the Public Employees Health Program being reclassified from an internal service fund to a discrete component unit as described in Note 1.A.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2003, the State had $28.6 million and $32.4 million of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

During fiscal year 2003 the State issued $253.1 million Series 2002 B general obligation refunding bonds. The proceeds were used to advance refund portions of the 1997 E, 1997 F, and 1998A general obligation bonds. The State also issued $407.4 million Series 2003 A general obligation bonds. The proceeds were used to refund $150 million of variable rate bonds, provide funds for certain highway projects, and various other construction projects.

General obligation bonds payable consist of the following:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2003
1997 A–E Highway/Capital Facility Issue	07/01/97	2001–2007	4.80% to 5.50%	$ 200,000	$ 80,375
1997 F Highway Issue	08/01/97	2001–2007	5.00% to 5.50%	$ 205,000	78,375
1998 A Highway/Capital Facility Issue	07/07/98	2001–2008	5.00%	$ 265,000	122,225
1999 E Capital Facility Issue	07/01/99	2004	4.50%	$ 38,000	38,000
2001 A Capital Facility Issue	01/24/01	2004	4.00%	$ 15,000	15,000
2001 B Highway/Capital Facility Issue	07/02/01	2004–2014	4.50%	$ 348,000	348,000
2002 A Highway/Capital Facility Issue	06/27/02	2003–2015	3.00% to 5.25%	$ 281,200	281,200
2002 B Refunding Issue	07/31/02	2004–2012	3.00% to 5.38%	$ 253,100	253,100
2003 A Highway/Capital Facility Issue	06/26/03	2005–2016	2.00% to 5.00%	$ 407,405	407,405
Total General Obligation Bonds Outstanding					1,623,680
Plus Unamortized Bond Premium					104,113
Less Deferred Amount on Refunding					(14,038)
Total General Obligation Bonds Payable					$ 1,713,755

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal					
Fiscal Year	1997 A–E Highway/ Capital Facility	1997 F Highway Bonds	1998 A Highway/ Capital Facility	1999 E Capital Facility	2001 A Capital Facility	2001 B Highway/ Capital Facility
2004	$ 45,425	$ 14,075	$ 38,150	$ —	$ —	$ —
2005	5,175	14,825	14,975	38,000	15,000	41,425
2006	9,350	15,625	15,850	—	—	34,900
2007	9,925	16,475	16,775	—	—	33,250
2008	10,500	17,375	17,750	—	—	34,650
2009–2013	—	—	18,725	—	—	165,700
2014–2018	—	—	—	—	—	38,075
Total	$ 80,375	$ 78,375	$ 122,225	$ 38,000	$ 15,000	$ 348,000

Continues Below

	Principal					
Fiscal Year	2002 A Highway/ Capital Facility	2002 B Refunding Bonds	2003 A Highway/ Capital Facility	Total Principal Required	Interest Required	Total Amount Required
2004	$ 14,160	$ —	$ —	$ 111,810	$ 74,291	$ 186,101
2005	4,850	2,035	—	136,285	67,781	204,066
2006	45,740	205	1,095	122,765	61,729	184,494
2007	48,075	160	7,775	132,435	55,145	187,580
2008	50,575	120	12,825	143,795	47,991	191,786
2009–2013	23,600	250,580	238,125	696,730	135,914	832,644
2014–2018	94,200	—	147,585	279,860	20,013	299,873
Total	$ 281,200	$ 253,100	$ 407,405	$ 1,623,680	$ 462,864	$ 2,086,544

C. **Revenue Bonds**

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the State's Water Loan Programs, the Utah Housing Corporation, and the various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies. The bonds are secured by the facilities, and repayment is made from lease income. The outstanding bonds payable at June 30, 2003, are reported as a long-term liability of the governmental activities, except for $21.362 million and $1.19 million which are reported in Alcoholic Beverage Control Fund, and Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

During fiscal year 2003, the average interest rate for the SBOA Series 2001 C variable rate bonds was 1.25 percent, there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 1.05 percent, which was the rate in effect at yearend.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Fund and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget, that would otherwise be expended for rent.

The Student Assistance Programs have $240.555 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds which are set by an auction procedure every 28 days in the amount of $312.1 million and $657.35 million of bonds which are auctioned every 35 days.

The State's water loan programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently has refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivables.

Discrete Component Units

The Utah Housing Corporation bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. The bonds are secured by mortgages, and repayments are made from the mortgage payments.

The colleges and universities issue bonds for various purposes, including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities.

Revenue bonds payable consist of the following:

Revenue Bonds Payable – Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2003
Utah Housing Corporation Issues	1985–2003	2003–2045	1.5% to 10.55%	$ 2,438,147	$ 1,291,661
Colleges and Universities Revenue Bonds	1987–2003	2003–2031	variable and 1.9% to 8.49%	$ 476,925	361,921
Total Revenue Bonds Outstanding					1,653,582
Colleges and Universities Plus Unamortized Bond Premium					399
Total Revenue Bonds Payable					$ 1,653,981

Revenue Bonds Payable – Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2003
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A	07/15/92	1993–2011	5.30% to 5.75%	$ 26,200	$ 15,785
Series 1992 B	07/15/92	1994–2011	4.00% to 6.00%	$ 1,380	860
Series 1993 A	12/01/93	1995–2013	4.50% to 5.25%	$ 6,230	3,965
Series 1993 B	12/01/93	1995–2014	4.50% to 5.25%	$ 8,160	5,430
Series 1994 A	09/01/94	1995–2005	5.00% to 6.25%	$ 27,465	3,375
Series 1995 A	07/01/95	1996–2007	5.00% to 5.75%	$ 92,260	15,295
Series 1996 A	07/01/96	1997–2007	5.50% to 6.00%	$ 42,895	7,145
Series 1996 B	11/01/96	1999–2013	5.00% to 5.40%	$ 16,875	12,550
Series 1998 A	07/01/98	1999–2020	3.75% to 5.25%	$ 24,885	15,865
Series 1998 B Capital Appreciation	07/22/98	2005	4.65%	$ 23,091	28,978
Series 1998 C	08/15/98	2000–2019	3.80% to 5.50%	$ 101,557	101,374
Series 1999 A	08/01/99	2001–2021	5.25% to 5.50%	$ 6,960	6,555
Series 2001 A	11/21/01	2005–2021	4.00% to 5.00%	$ 69,850	69,850
Series 2001 B	11/21/01	2002–2024	3.00% to 5.75%	$ 14,240	14,210
Series 2001 C	11/21/01	2005–2021	variable	$ 30,300	30,300
Total Lease Revenue Bonds Outstanding					331,537
Plus Unamortized Bond Premium					3,322
Total Lease Revenue Bonds Payable					$ 334,859
Business-type Activities					
Student Assistance Programs:					
Series 1988 and 1993 Board of Regents Student Loan Indentures	1988–2003	1998–2041	Variable and 4.45% to 6.10%	$1,333,015	$ 1,303,135
Office Facility Bond Fund	02/01/02	2003–2022	3.50% to 5.13%	$ 8,095	7,830
Total Revenue Bonds Outstanding					1,310,965
Plus Unamortized Bond Premium					54
Total Revenue Bonds Payable					$ 1,311,019
Water Loan Programs:					
Series 1992 A Revolving Loan Recapitalization Program	04/15/92	1993–2004	4.00% to 6.60%	$ 5,065	$ 575
Series 1995 Water Refunding	10/04/95	1996–2005	5.13%	$ 8,430	2,065
Total Revenue Bonds Payable					$ 2,640
SBOA Lease Revenue Bonds:					
Series 1994 A	09/01/94	1995–2005	5.00% to 6.25%	$ 3,450	$ 325
Series 1995 A	07/01/95	1996–2007	5.00% to 5.70%	$ 740	140
Series 1996 A	07/01/96	1998–2007	5.50% to 6.00%	$ 1,830	310
Series 1997 A	12/01/97	1999–2018	4.60% to 5.13%	$ 4,150	3,510
Series 1998 A	07/01/98	1999–2020	3.75% to 5.25%	$ 825	700
Series 1998 C	08/15/98	2000–2019	3.80% to 5.50%	$ 3,543	3,536
Series 1999 A	08/01/99	2001–2020	5.25% to 5.50%	$ 2,495	2,280
Series 2001 B	11/21/01	2004–2023	3.25% to 5.25%	$ 11,540	11,540
Total Lease Revenue Bonds Outstanding					22,341
Plus Unamortized Bond Premium					211
Total Lease Revenue Bonds Payable					$ 22,552
Total Lease Revenue/ Revenue Bonds Payable					$ 1,336,211

Revenue Bond Issues – Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal							
Fiscal Year	**Student Assistance Programs**	**1992 A Revolving Loan Recap Program**	**1992 A Utah State Building Ownership Authority**	**1992 B Utah State Building Ownership Authority**	**1993 A Utah State Building Ownership Authority**	**1993 B Utah State Building Ownership Authority**	**1994 A Utah State Building Ownership Authority**	**1995 A Utah State Building Ownership Authority**
2004	$ 4,575	$ 575	$ 1,380	$ 75	$ 315	$ 380	$ 1,805	$ 3,575
2005	8,275	—	1,460	80	330	395	1,895	3,760
2006	23,295	—	1,545	85	345	415	—	3,945
2007	5,530	—	1,640	90	360	440	—	4,155
2008	94,765	—	1,735	95	380	460	—	—
2009–2013	50,225	—	8,025	435	2,235	2,705	—	—
2014–2018	36,280	—	—	—	—	635	—	—
2019–2023	5,865	—	—	—	—	—	—	—
2024–2028	215,000	—	—	—	—	—	—	—
2029–2033	190,555	—	—	—	—	—	—	—
2034–2038	364,500	—	—	—	—	—	—	—
2039–2043	312,100	—	—	—	—	—	—	—
Total	$1,310,965	$ 575	$ 15,785	$ 860	$ 3,965	$ 5,430	$ 3,700	$ 15,435

Continues Below

	Principal							
Fiscal Year	**1995 Water Refunding**	**1996 A Utah State Building Ownership Authority**	**1996 B Utah State Building Ownership Authority**	**1997 A Utah State Building Ownership Authority**	**1998 A Utah State Building Ownership Authority**	**1998 B Utah State Building Ownership Authority**	**1998 C Utah State Building Ownership Authority**	**1999 A Utah State Building Ownership Authority**
2004	$ 1,005	$ 1,720	$ 995	$ 160	$ 2,485	$ —	$ 50	$ 310
2005	1,060	1,820	1,040	170	2,615	28,978	55	330
2006	—	1,905	1,095	180	705	—	1,120	345
2007	—	2,010	1,150	190	735	—	1,170	365
2008	—	—	1,205	195	775	—	7,715	380
2009–2013	—	—	7,065	1,140	4,420	—	44,255	2,245
2014–2018	—	—	—	1,475	4,550	—	48,275	2,910
2019–2023	—	—	—	—	280	—	2,270	1,950
2024–2028	—	—	—	—	—	—	—	—
2029–2033	—	—	—	—	—	—	—	—
2034–2038	—	—	—	—	—	—	—	—
2039–2043	—	—	—	—	—	—	—	—
Total	$ 2,065	$ 7,455	$ 12,550	$ 3,510	$ 16,565	$ 28,978	$ 104,910	$ 8,835

Continues Below

Revenue Bond Issues – Primary Government (continued)
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal					
	2001 A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2001 C Utah State Building Ownership Authority	Total Principal Required	Interest Required	Total Amount Required
2004	$ —	$ 395	$ —	$ 19,800	$ 34,692	$ 54,492
2005	2,000	865	2,100	57,228	36,250	93,478
2006	3,175	895	1,100	40,150	32,330	72,480
2007	3,125	935	1,300	23,195	30,195	53,390
2008	3,250	965	1,400	113,320	28,621	141,941
2009–2013	18,300	5,460	8,100	154,610	116,257	270,867
2014–2018	23,150	6,705	9,700	133,680	86,312	219,992
2019–2023	16,850	8,485	6,600	42,300	65,776	108,076
2024–2028	—	1,045	—	216,045	56,809	272,854
2029–2033	—	—	—	190,555	48,421	238,976
2034–2038	—	—	—	364,500	29,718	394,218
2039–2043	—	—	—	312,100	7,622	319,722
Total	$ 69,850	$ 25,750	$ 30,300	$ 1,667,483	$ 573,003	$ 2,240,486

Revenue Bond Issues – Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal						
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2004	$ 243,280	$ 8,009	$ 2,080	$ 4,400	$ 257,769	$ 73,838	$ 331,607
2005	23,278	8,659	2,926	4,660	39,523	72,959	112,482
2006	28,930	9,289	3,069	4,910	46,198	70,909	117,107
2007	31,566	9,855	2,750	4,370	48,541	68,660	117,201
2008	33,565	9,975	2,858	4,625	51,023	66,258	117,281
2009–2013	155,717	56,394	16,298	22,375	250,784	292,493	543,277
2014–2018	142,194	50,452	14,493	14,570	221,709	231,607	453,316
2019–2023	175,203	44,661	91	11,120	231,075	170,653	401,728
2024–2028	212,799	35,484	—	3,050	251,333	105,759	357,092
2029–2033	184,857	8,258	—	2,240	195,355	41,460	236,815
2034–2038	39,407	—	—	—	39,407	9,916	49,323
2039–2043	16,675	—	—	—	16,675	3,734	20,409
2044–2048	4,190	—	—	—	4,190	232	4,422
Total	$ 1,291,661	$ 241,036	$ 44,565	$ 76,320	$ 1,653,582	$ 1,208,478	$ 2,862,060

D. **Conduit Debt Obligations**

In 1985, the State Board of Regents authorized the University of Utah to issue Variable Rate Demand Industrial Development Bonds for the University Park Hotel, a limited partnership separate from the University. The bonds are payable solely from revenues of the University Park Hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. At June 30, 2003, $7.4 million of Variable Rate Demand Industrial Development Bonds are outstanding.

E. **Demand Bonds**

The State Building Ownership Authority issued $30.3 million Series 2001 C variable rate demand lease revenue bonds. The bonds are subject to purchase upon not less than seven days notice of tender from the bondholder or in case the bonds cannot be remarketed. The remarketing agent is paid a fee of 5 basis points of the bonds outstanding on a quarterly basis.

In the case that the bonds cannot be remarketed, the SBOA has an irrevocable direct-pay letter of credit with Landesbank Hessen-Thuringen Girozentrale (Helaba) acting through its New York Branch in the amount of $30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at 12 percent. In consideration for the letter of credit, Helaba receives a fee of 17.5 basis points paid on a quarterly basis. The letter of credit expires on November 21, 2004, and as of June 30, 2003, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

The letter of credit also has a takeout provision for bonds that allows the SBOA to pay the bonds that Helaba holds (bank bonds) over a five-year period in approximately equal payments. The rate in effect for bank bonds for the first 90 days is the base rate, which is the higher of the Federal Funds rate plus 50 basis points or the Prime Rate, up to a maximum of 12 percent per annum. The interest rate for bank bonds held longer than 90 days is the base rate plus 2 percent. If the takeout provision were in effect and assuming all the bonds were not remarketed, the SBOA would pay debt service of $8.406 million a year for five years, based on the maximum rate.

The Student Loan Purchase Program had $240.555 million of demand bonds outstanding at June 30, 2003, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

An unused irrevocable direct-pay letter of credit expiring November 15, 2004, in the amount of $37.462 million supports the Series 1993 A bonds of $35 million. Standby bond purchase agreements of $110.677 million expiring November 15, 2005 support the Series 1988 C and 1995 L bonds of $104.5 million, and $108.42 million expiring May 16, 2005, support the Series 1996 Q and 1997 R bonds of $101.055 million. As of June 30, 2003, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

The University of Utah (component unit) Series 1997 A bonds in the amount of $16.39 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the Series 1997 A bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 1.05 percent, which is the rate in effect of June 30, 2003.

In the event the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable letter of credit to pay the purchase price plus accrued interest on the bonds delivered to it. The letter of credit with the Bank of Nova Scotia is valid through July 30, 2005. As of June 30, 2003, the University had not drawn any funds under the letter of credit.

F. **Capital Appreciation Bonds**

On August 15, 1998, the Utah State Building Ownership Authority issued $23.091 million of 1998 Series B Capital Appreciation lease revenue bonds. The interest on the bonds is accreted and added to the bonds payable. The accretion for the year ended June 30, 2003, was $1.302 million, and at June 30, 2003, the total capital appreciation bonds payable including accreted interest was $28.978 million.

G. **Defeased Bonds and Bond Refunding**

The State issued on July 31, 2002, $253.1 million General Obligation Refunding Bonds Series 2002 B to advance refund $77.675, $100.675, and $85.325 million of Series 1997 E, 1997 F, and 1998 A General Obligation Bonds, respectively. The principal amount of the refunding bonds, $26.269 million of original issue premium, and $513 thousand of other monies were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net assets. At June 30, 2003, $263.675 million of general obligation bonds outstanding are considered defeased. The State did not have any prior defeased general obligation bonds outstanding.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $15.828 million. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2012, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $5.965 million over ten years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $5.745 million.

The State issued on June 26, 2003, $407.405 million General Obligation Bond Series 2003 A and used $150 million of the proceeds to currently refund $150 million of its remaining Series 1999 A & C Variable Rate General Obligation Bonds to lock in a fixed long-term rate. The variable rate bonds had no minimum interest rate, but had a maximum interest rate of 10 percent; the

refunding bonds have an effective interest rate of 2.76 percent. Because the refunded debt had a variable rate, no attempt has been made to calculate the cash flow savings or economic savings related to this transaction.

On September 24, 2002, the Student Loan Purchase Program issued the Series 2002 X student loan revenue bonds at par to refund $3.25 million of Series 1993 B bearing interest at 5.25 percent and maturing on November 1, 2002 and $32.595 million of Series 1992 H bearing interest rates of 6.10 percent to 6.70 percent, and maturing between November 1, 2002 and November 1, 2015. The program paid a $558 thousand premium to call the 1992 H bonds maturing on or after November 1, 2003. All of the bonds were paid or redeemed on November 1, 2002. Because the variable rate refunding issue has no stated minimum or maximum interest rate, no attempt has been made to disclose cash flow savings or economic gain. Due to the risk that variable interest may rise, there is no guarantee that the Student Loan Purchase Program will achieve an economic gain on this transaction. The Student Loan Purchase Program did not have any defeased bonds outstanding prior to the current year refunding.

In prior years, the State defeased certain revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2003, $105.615 million revenue bonds outstanding are considered defeased.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2003, $34.467 million of college and university bonds outstanding and $6.25 million Utah Housing Corporation bonds outstanding are considered defeased.

H. Contracts Payable

Component unit capital leases/contracts payable include $3.581 million in life annuity contracts.

I. Notes Payable

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 30 years. They are secured by the related assets.

Notes Payable Debt Service Requirements to Maturity
Component Units
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Principal					
	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2004	$ 458	$ 2,140	$ 1,385	$ 3,983	$ 1,296	$ 5,279
2005	478	706	514	1,698	1,495	3,193
2006	419	748	432	1,599	1,440	3,039
2007	357	735	427	1,519	1,359	2,878
2008	388	761	908	2,057	1,468	3,525
2009–2013	2,503	3,461	2,539	8,503	5,123	13,626
2014–2018	3,796	2,207	1,309	7,312	2,988	10,300
2019–2023	2,285	3,003	678	5,966	785	6,751
2024–2028	—	—	360	360	45	405
2029–2033	—	—	20	20	—	20
Total	$ 10,684	$ 13,761	$ 8,572	$ 33,017	$ 15,999	$ 49,016

J. **Debt Service Requirements for Derivatives**

Swap Payments and Associated Debt — As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into pay-fixed, receive-variable interest rate swaps as of June 30, 2003. Using rates as of June 30, 2003, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are summarized below (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 82 for Utah Housing Corporation.

Utah Housing Corporation
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2004	$ 13,020	$ 3,893	$ 13,722	$ 30,635
2005	6,600	3,755	13,854	24,209
2006	6,430	3,685	13,569	23,684
2007	5,920	3,617	13,300	22,837
2008	5,520	3,555	13,057	22,132
2009–2013	21,890	16,951	62,074	100,915
2014–2018	23,560	15,852	57,629	97,041
2019–2033	50,285	14,081	50,549	114,915
2024–2028	88,830	10,568	37,087	136,485
2029–2033	124,990	4,811	15,408	145,209
2034–2035	12,695	153	266	13,114
Total	$ 359,740	$ 80,921	$ 290,515	$ 731,176

NOTE 11. GOVERNMENTAL FUND BALANCES — RESERVED AND DESIGNATED

The State's reserved fund balances represent: 1) **Nonlapsing Appropriations** which include continuing appropriations or nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or 2) **Restricted Purposes** which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2003, follows:

Reserved Fund Balances
(Expressed in Thousands)

	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature	$ 2,711	$ —	$ 2,711
Governor	4,660	1,750	6,410
Elected Officials	2,219	1	2,220
Administrative Services	2,695	81	2,776
Tax Commission	6,900	11,181	18,081
Human Services	5,122	5,982	11,104
Corrections	4,792	153	4,945
Public Safety	2,768	7,486	10,254
Courts	1,420	3,149	4,569
Health	3,820	5,757	9,577
Environmental Quality	1,731	1,592	3,323
Employment and Family Services	—	9,097	9,097
Natural Resources	17,151	16,698	33,849
Community and Economic Development	3,916	2,435	6,351
Business, Labor, and Agriculture	7,414	4,655	12,069
Industrial Assistance Account	—	23,611	23,611
Loans to Internal Service Funds	—	43,546	43,546
Tobacco Settlement Funds	—	11,232	11,232
Oil Overcharge Funds	—	7,806	7,806
Other Purposes	242	7,207	7,449
Total	$ 67,561	$ 163,419	$ 230,980
Uniform School Fund:			
Minimum School Program	$ 31,106	$ —	$ 31,106
State Office of Education	5,594	—	5,594
School Building Program	—	9,792	9,792
School Land Interest	—	8,458	8,458
Total	$ 36,700	$ 18,250	$ 54,950
Transportation Fund:			
Transportation	$ 2,449	$ —	$ 2,449
Public Safety	—	6,843	6,843
Corridor Preservation	—	14,596	14,596
Aeronautical Programs	—	6,291	6,291
Salt Lake County Road Construction	—	11,657	11,657
Salt Lake County Bond Proceeds	—	52,012	52,012
Total	$ 2,449	$ 91,399	$ 93,848
Centennial Highway Fund:			
Bond Proceeds	$ —	$ 109,266	$ 109,266
Trust Lands Fund:			
Funds Held as Permanent Investments	$ —	$ 404,991	$ 404,991
Other Governmental Funds:			
Capital Projects	$ 119,097	$ 53,216	$ 172,313
Debt Service	—	8,897	8,897
Tobacco Settlement Funds	—	12,177	12,177
Environmental Reclamation	—	17,280	17,280
Other Purposes	—	4,881	4,881
Total	$ 119,097	$ 96,451	$ 215,548

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Designated for:					
Budgetary Reserve (Rainy Day) Account...	$ 26,546	$ —	$ —	$ —	$ 26,546
Education Budget Reserve Account	—	601	—	—	601
Postemployment and Other Liabilities	108,380	150,990	40,429	—	299,799
Fiscal Year 2004 Appropriations:					
Line Item Appropriations	74	35,574	—	—	35,648
Federal Jobs and Growth Relief Funds....	14,316	—	—	—	14,316
Industrial Assistance Account	5,169	—	—	—	5,169
Debt Service Requirements	1,531	—	—	—	1,531
Capital Projects.....	—	—	—	75,489	75,489
Debt Service	—	—	—	7,107	7,107
Total	$ 156,016	$ 187,165	$ 40,429	$ 82,596	$ 466,206

NOTE 12. DEFICIT NET ASSETS

Funds reporting a deficit total net assets position at June 30, 2003, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance	$ 245,278
Petroleum Storage Tank.....	$ 58,229

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on workers' compensation insurance. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities.

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2003, are (in thousands):

Internal Service Funds:	
Information Technology	$ 1,228
General Services.....	$ 1,023
Fleet Operations	$ 28,622

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act.* Interfund transfers for the fiscal year ended June 30, 2003, are as follows (in thousands):

	Transfers In:					
	Governmental Funds					
Transfers Out:	**General Fund**	**Uniform School Fund**	**Trans-portation Fund**	**Centennial Highway Fund**	**Trust Lands Fund**	**Nonmajor Governmental Funds**
General Fund	$ —	$ 1,565	$ 19,412	$ 48,795	$ 10	$ 59,471
Uniform School Fund	17,584	—	—	—	—	16,367
Transportation Fund	31,483	—	—	75,853	—	147
Centennial Highway Fund	—	—	—	—	—	86,828
Nonmajor Governmental Funds	53,318	—	—	—	—	3,739
Unemployment Compensation	2,369	—	—	—	—	—
Water Loan Programs	2,808	—	—	—	—	—
Nonmajor Enterprise Funds	35,681	—	—	—	—	—
Internal Service Funds	3,304	—	—	—	—	—
Total Transfers In	$ 146,547	$ 1,565	$ 19,412	$ 124,648	$ 10	$ 166,552

Continues Below

	Enterprise Funds			
Transfers Out:	**Water Loan Programs**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total Transfers Out**
General Fund	$ 1,582	$ 15,039	$ 640	$ 146,514
Uniform School Fund	—	—	—	33,951
Transportation Fund	—	—	—	107,483
Centennial Highway Fund	—	—	—	86,828
Nonmajor Governmental Funds	—	—	—	57,057
Unemployment Compensation	—	—	—	2,369
Water Loan Programs	—	—	—	2,808
Nonmajor Enterprise Funds	—	—	—	35,681
Internal Service Funds	—	—	—	3,304
Total Transfers In	$ 1,582	$ 15,039	$ 640	$ 475,995

Transfers from major governmental funds to nonmajor governmental funds are primarily for capital facility construction and debt service expenditures. Transfers from the General Fund to nonmajor enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2003, the Legislature authorized the following transfers to subsidize lower than expected revenues:

- $44.435 million from the Tobacco Endowment Fund (nonmajor governmental fund) to the General Fund.
- $3.304 million from the internal service funds to the General Fund.

In addition, the Legislature authorized payments to certain component units of the State. These amounts are reported as expenditures in both the General Fund column of the Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities:

- $607.55 million to the Colleges and Universities.
- $2.916 million to the Comprehensive Health Insurance Pool.
- $343 thousand to the Utah State Fairpark Corporation.

NOTE 14. SPECIAL ITEM

The Utah Technology Finance Corporation (nonmajor component unit) transferred $2.685 million to the State of Utah as part of the Corporation's liquidation proceedings.

NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages. If the State were ultimately held liable, the estimated liability could be up to approximately $50 million plus interest and attorneys' fees.

- A suit filed by the United Mine Workers of America claims the State Legislature wrongfully reallocated revenue generated from the *Utah Enabling Act's* Miners Hospital Grant lands to the University of Utah Medical Center. The plaintiffs seek a judgment requiring pay back of the diverted proceeds into a trust, and requiring the trust to be used only on a hospital for miners. If the State were ultimately held liable, the liability could range from $1 million to $35 million.

- A suit was filed by a landowner alleging breach of contract by the Utah State Armory Board and the Utah National Guard related to the sale of property. The plaintiff seeks damages of approximately $19 million plus attorneys' fees.

- There are currently three separate suits or claims pending seeking refunds of taxes paid. In the event of adverse rulings on all of these issues, including their certification as class-action suits, the State estimates the liability could be as much as $45 million.

- In addition to the items above, the State is contesting other legal actions totaling approximately $22 million plus attorneys' fees and interest in some cases.

B. Contingencies

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. Other audit findings on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2003, is in process and management expects proposed disallowances to be immaterial.

- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainties in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately $20 million per year for fiscal years 2004 through 2007. The State received $18.539 million in fiscal year 2003. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.

- The State is totally self-insured against liability claims and up to $2.5 million in property claims. According to an actuarial study and other known factors, $43.659 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Administrative Services Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953,* as amended, Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guarantied Bonds.

  In the event a school board is unable to make the scheduled debt service payments on its Guarantied Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guarantied Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guarantied Bonds for any significant period of time.

  Local school boards have $1.414 billion principal amount of Guarantied Bonds outstanding at June 30, 2003. The State cannot predict the amount of bonds that may be guarantied in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most smaller manufacturers have joined the agreement. The State received $32.643 million from tobacco companies in fiscal year 2003 and expects to receive approximately $27.004 million in fiscal year 2004. Annual payments are expected to continue for the next seven years but will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

C. **Commitments**

- At June 30, 2003, the Industrial Assistance Program of the General Fund had grant commitments of $11.7 million, contingent on participating companies meeting certain performance criteria.

- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2002, committed to fund certain alternative investment partnerships and real estate projects for an amount of $1.829 billion. Funding of $1.168 billion has been provided, leaving an unfunded commitment of $661 million as of December 31, 2002, which will be funded over the next six years.

- As of June 30, 2003, the Utah Housing Corporation (component unit) has committed to purchase mortgages under the Single-Family Mortgage Purchase Program in the amount of $12.727 million.

- At June 30, 2003, the enterprise funds had loan commitments of approximately $109.9 million and grant commitments of approximately $13.8 million.

- At June 30, 2003, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately $1.716 billion. Also, at June 30, 2003, the Student Assistance Programs had commitments to purchase approximately $365 million in student loans and provide approximately $10.9 million in reductions to borrower loan balances.

- At June 30, 2003, the Department of Transportation had construction and other contract commitments of $409.697 million, of which $244.902 million is for Centennial Highway Fund (special revenue fund) projects and $164.795 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

NOTE 16. JOINT VENTURE

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of ten representatives elected by the board, and five state representatives of which four are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of $185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN has $12.865 million of revenue bonds outstanding. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The State Auditor's Office audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the State Auditor's Office.

NOTE 17. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. **Utah Retirement Systems**

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans administered by it. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2002, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Public Employees Retirement System (PERS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the Fire-

fighters Retirement System, which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

- The Public Safety Retirement System, which is a defined-benefit mixed cost-sharing and agent, multiple-employer retirement system;
- The Judges Retirement System and the Governors and Legislative Pension Plan, which are defined-benefit single-employer public employee retirement systems; and
- The 401(k) and 457 Plans, which are deferred compensation plans.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Eligibility and Benefits

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years		Highest 2 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age *20 years age 60 *10 years age 62 4 years age 65	30 years any age *25 years any age *20 years age 60 *10 years age 62 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age *20 years age 55 10 years age 62 6 years age 70
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary

*With actuarial reductions

Former governors at age 65 receive $1,080 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of $24.00 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or fire insurance taxes. Below is a summary of system participants.

Participants
December 31, 2002

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Pension Plan
Number of participating:						
Employers	164	376	119	40	1	1
Members:						
Active	3,649	82,486	6,966	1,538	103	91
Terminated vested	1,511	20,632	987	55	8	87
Retirees and beneficiaries:						
Service benefits	7,249	20,666	2,678	815	77	231
Disability benefits	153	—	43	70	—	—

Employer contribution rates consist of *(1)* an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and *(2)* an amount for amortization of the unfunded, or excess funded actuarial accrued liability over an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Pension Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

State of Utah's Employer Contributions
Required and Paid
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Total All Systems
Primary Government:						
2003	$ 3,683	$ 60,033	$ 16,713	$ 47	$ 539	$ 81,015
2002	$ 5,777	$ 93,037	$ 25,921	$ 58	$ 928	$ 125,721
2001	$ 4,902	$ 78,752	$ 19,772	$ 56	$ 1,615	$ 105,097
2000	$ 4,943	$ 75,769	$ 19,717	$ 70	$ 1,572	$ 102,071
1999	$ 5,005	$ 72,361	$ 17,075	$ 67	$ 1,868	$ 96,376
Component Units:						
Colleges and Universities:						
2003	$ 1,840	$ 29,409	$ 375	$ —	$ —	$ 31,624
2002	$ 1,904	$ 28,028	$ 399	$ —	$ —	$ 30,331
2001	$ 2,398	$ 33,575	$ 442	$ —	$ —	$ 36,415
2000	$ 2,469	$ 32,839	$ 445	$ —	$ —	$ 35,753
1999	$ 2,457	$ 30,789	$ 356	$ —	$ —	$ 33,602
Other:						
2003	$ 44	$ 1,609	$ —	$ —	$ —	$ 1,653
2002	$ 43	$ 258	$ —	$ —	$ —	$ 301
2001	$ 50	$ 352	$ —	$ —	$ —	$ 402
2000	$ 143	$ 2,416	$ —	$ —	$ —	$ 2,559
1999	$ 134	$ 2,158	$ —	$ —	$ —	$ 2,292
Total Primary Government and Component Units:						
2003	$ 5,567	$ 91,051	$ 17,088	$ 47	$ 539	$ 114,292
2002	$ 7,724	$ 121,323	$ 26,320	$ 58	$ 928	$ 156,353
2001	$ 7,350	$ 112,679	$ 20,214	$ 56	$ 1,615	$ 141,914
2000	$ 7,555	$ 111,024	$ 20,162	$ 70	$ 1,572	$ 140,383
1999	$ 7,596	$ 105,308	$ 17,431	$ 67	$ 1,868	$ 132,270

The following schedule summarizes contribution rates in effect at December 31, 2002:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory	6.00%	4.68% – 5.91%	—
Noncontributory	—	8.69% – 10.40%	—
Public Safety:			
Contributory	10.50% – 13.74%	2.17% – 15.50%	—
Noncontributory	—	13.89% – 28.27%	—
Firefighters:			
Group A	7.82%	—	8.88%
Group B	7.83%	—	8.88%
Judges	4.92%	4.92%	18.40%
Governors and Legislative	—	—	—

401(k) and 457 Deferred Compensation Plans

The 401(k) Plan and 457 Plan administered by URS, in which the State participates, are deferred compensation plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems for employees of employers which have adopted the 401(k) and 457 Plans. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 331 employers participating in the 401(k) Plan and 154 employers participating in the 457 Plan. There are 122,125 plan participants in the 401(k) Plan and 10,325 participants in the 457 Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The 401(k) and 457 Plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k) Plan. The State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2003, by employees and employers are as follows: for Primary Government, $30.704 million and $9.783 million; for Component Units – Colleges and Universities, $3.229 million and $4.043 million; for Component Units – Other, $774 thousand and $472 thousand; and the combined total for all is $34.707 million and $14.298 million, respectively.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair value for the individual investments. Approximately 10 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 10 percent, approximately 4 percent are U.S. Government debt securities and 6 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets available for benefits. The principal components of the receivables and investment categories are presented below.

Pension Receivables and Investments
(Expressed in Thousands)

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total December 31, 2002
Receivables:									
Member Contributions	$ 404	$ —	$ 170	$ 201	$ —	$ —	$ —	$ —	$ 775
Employer Contributions	367	17,544	1,603	1	310	—	—	—	19,825
Court Fees and Fire Insurance Premium	—	—	—	—	21	—	—	—	21
Investments	8,006	101,359	12,566	5,160	844	100	26,813	—	154,848
Total Receivables	$ 8,777	$ 118,903	$ 14,339	$ 5,362	$ 1,175	$ 100	$ 26,813	$ 0	$ 175,469
Investments:									
Debt Securities	$ 168,725	$ 2,136,006	$ 264,812	$ 108,759	$ 17,788	$ 2,106	$ 568,585	$ 71,544	$ 3,338,325
Equity Investments	399,834	5,061,783	627,543	257,733	42,155	4,992	682,792	78,152	7,154,984
Venture Capital	47,649	603,219	74,785	30,715	5,024	595	—	—	761,987
Real Estate	70,276	889,679	110,300	45,301	7,409	877	—	—	1,123,842
Mortgage Loans	249	3,154	392	161	26	3	—	—	3,985
Invested Securities Lending Collateral	85,494	1,082,326	134,183	55,110	9,014	1,067	45,934	5,444	1,418,572
Investment Contracts	—	—	—	—	—	—	35,115	21,920	57,035
Total Investments	$ 772,227	$ 9,776,167	$ 1,212,015	$ 497,779	$ 81,416	$ 9,640	$1,332,426	$ 177,060	$13,858,730

Actuarial Methods and Assumptions

The latest actuarial valuation and study was dated January 1, 2002. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by that study conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, closed period. An inflation rate of 3 percent is used for all systems. Post retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below is the Schedule of Funding Progress.

(Table presented on next page)

Schedules of Funding Progress
By Valuation Date
(Expressed in Thousands)

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative Pension Plan
Actuarial Value of Assets:						
January 1, 2001	$ 924,573	$ 10,361,333	$ 1,286,996	$ 536,503	$ 87,139	$ 11,569
January 1, 2002	$ 927,523	$ 11,104,334	$ 1,376,466	$ 569,151	$ 92,649	$ 11,710
December 31, 2002	$ 859,358	$ 10,888,518	$ 1,349,458	$ 553,589	$ 90,904	$ 10,719
Actuarial Accrued Liability (AAL):						
January 1, 2001	$ 935,799	$ 9,933,514	$ 1,206,876	$ 455,456	$ 73,962	$ 7,908
January 1, 2002	$ 948,912	$ 10,806,024	$ 1,366,134	$ 491,274	$ 85,987	$ 8,182
December 31, 2002	$ 975,288	$ 11,628,203	$ 1,473,862	$ 530,155	$ 93,397	$ 8,108
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2001	$ 11,226	$ (427,819)	$ (80,120)	$ (81,047)	$ (13,177)	$ (3,661)
January 1, 2002	$ 21,389	$ (298,310)	$ (10,332)	$ (77,877)	$ (6,662)	$ (3,528)
December 31, 2002	$ 115,930	$ 739,685	$ 124,404	$ (23,434)	$ 2,493	$ (2,611)
Funding Ratios:						
January 1, 2001	98.8%	104.3%	106.6%	117.8%	117.8%	146.3%
January 1, 2002	97.7%	102.8%	100.8%	115.9%	107.7%	143.1%
December 31, 2002	88.1%	93.6%	91.6%	104.4%	97.3%	132.2%
Annual Covered Payroll:						
January 1, 2001	$ 141,067	$ 2,659,200	$ 247,985	$ 63,274	$ 10,397	$ 464
January 1, 2002	$ 142,882	$ 2,832,060	$ 260,783	$ 67,192	$ 10,927	$ 556
December 31, 2002	$ 142,325	$ 2,926,449	$ 268,478	$ 71,354	$ 11,173	$ 556
UAAL as a Percent of Covered Payroll:						
January 1, 2001	8.0%	(16.1)%	(32.3)%	(128.1)%	(126.7)%	(789.0)%
January 1, 2002	15.0%	(10.5)%	(4.0)%	(115.9)%	(61.0)%	(634.5)%
December 31, 2002	81.5%	25.3%	46.3%	(32.8)%	22.3%	(469.6)%

B. **Teachers Insurance and Annuity Association**

The Teachers Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA–CREF), privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and employees of the Student Assistance Programs. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. Most of the employers contribute both the employer and the employee share of 7.1 percent. The State has no further liability once annual contributions are made.

The following table presents the State of Utah's actual employer contributions to the TIAA–CREF retirement system:

State of Utah's Employer Contributions
For the Fiscal Years Ended June 30, 2002 and 2003
(Expressed in Thousands)

	Contribution Required and Paid 2002	Contribution Required and Paid 2003
Primary Government	$ 572	$ 700
Component Units:		
College and University	91,708	94,767
Total	$ 92,280	$ 95,467

NOTE 18. POSTEMPLOYMENT BENEFITS

At the option of the individual state departments, employees may be offered participation in a post retirement benefits program, as set forth in Section 67–19–14(2) of the *Utah Code*. In order to qualify, the employee must be eligible to receive retirement benefits. Upon retirement most employees, including those age 65 and over, may be paid for 25 percent of unused accumulated sick leave at the employee's current rate of pay. In addition, the employee may receive health and life insurance coverage up to age 65, but not to exceed five years. If the employee has not reached age 65 after the five-year limitation is reached, they may exchange one sick leave day in excess of 60 days, after the 25 percent payout, for one month of paid health and life insurance coverage, or after age 65 spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of June 30, 2003, there were 1,701 individuals on the program. The insurance coverage is paid 100 percent by the State for individuals retiring before July 1, 2000. Individuals retiring thereafter are required to pay between 2 and 7 percent of the cost depending on the coverage selected.

The State has recorded an estimated liability for current employees who will eventually retire in addition to an estimated liability for employees who have already retired. The estimated 25 percent sick leave payouts at retirement are included in the liability for compensated absences. The postemployment benefits liability includes the estimated liability for health and life insurance benefits. Charges to agency budgets are made on an ongoing basis to fund the current payments for these benefits and compensated absences. For the year ended June 30, 2003, the cumulative postemployment benefits liability was $216.442 million, and $15.104 million in postemployment benefits expenditures were recognized. In accordance with state law, accrued tax revenues are designated at yearend to fund post-employment benefits, compensated absences, and other liabilities. At June 30, 2003, net designated accrued taxes were $299.799 million. A liability is also reported in the Pension Trust Funds of $1.594 million which will be liquidated by assets of Utah Retirement Systems

All employers who participate in the State Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2003, there are 327 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the year ended June 30, 2003, the State paid $4.002 million in premiums and the program has $27.893 million in assets.

The colleges and universities offer early retirement incentives, as approved by their boards of trustees, which may provide health, dental, and life insurance; incentive pay or stipends; or long-term disability. Eligibility requirements differ, depending on the college or university. In general, the employee must be at least 52–60 years of age with a minimum of 15–16 years of service. Some of the colleges and universities also require that the sum of the employee's age and years of service be at least 75. The employee may receive these benefits up to age 65 but not to exceed 5–7 years. The ranges for incentive and stipend pay are from 14.28 percent to 30 percent of the employee's salary upon retirement. The benefits are funded on a pay-as-you-go basis. As of June 30, 2003, there are 470 individuals participating in the programs, and $6.673 million was expended during the year. The total liability for postemployment benefits and compensated absences for the college and universities at June 30, 2003, was $67.868 million. The postemployment benefits portion of the cumulative liability was $17.655 million.

NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (component unit). The State is the predominant participant in these programs. The Risk Management Fund manages the general property and liability risk of the State, and the Public Employees Health Program manages the health insurance programs of the State. The University of Utah and Utah State University (component units) each maintain self-insurance funds to manage health care. The University of Utah also maintains self-insurance funds to manage auto/physical damage, and medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for any of the last three years. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, group medical and dental, and some environmental claims. They also service the general risk claims for many local school districts and local health departments within the State. All funds, agencies, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Program. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The liability is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 7 percent. The primary government and the discrete component units of the State paid premiums to Public Employees Health Program of $163.89 million and $9.0 million, respectively, for health and life insurance coverage in fiscal year 2003. In addition, the State Department of Health paid $19.84 million in premiums for the Children's Health Insurance Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah and Utah State University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University Hospital have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short-and long-term combined) during fiscal years ended June 30, 2002, and June 30, 2003:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2002	$ 44,327	$ 16,730	$ (14,243)	$ 46,814
2003	$ 46,814	$ 5,674	$ (8,829)	$ 43,659
Public Employees Health Program:				
2002	$ 74,399	$ 292,401	$(286,905)	$ 79,895
2003	$ 79,895	$ 341,365	$(341,006)	$ 80,254
College and University Self-Insurance:				
2002	$ 19,398	$ 100,036	$ (91,576)	$ 27,858
2003	$ 27,858	$ 107,289	$(100,147)	$ 35,000

NOTE 20. SUBSEQUENT EVENTS

The Student Assistance Programs issued additional Student Loan Revenue Bonds under the authority of the 1988 Revenue Bonds General Indenture, Eleventh Supplemental Indenture in the amount of $43.35 million dated August 21, 2003. The 2003 Series V Bonds are limited obligations secured by and payable solely from the Trust Estate established under the Indenture pursuant to which the 2003 Series V Bonds are issued.

Subsequent to June 30, 2003, the Department of Corrections and the Division of Facilities, Construction and Management entered into a 20 year capital lease for approximately $6.2 million at 4.7 percent. Proceeds of lease will fund the installation of an energy efficiency control system at the Draper prison.

Subsequent to June 30, 2003, the Utah Housing Corporation (major component unit) issued $19.58 million Single Family Mortgage Purchase Variable Rate Bonds, 2003 Series D, maturing on July 1, 2014, 2023, 2024, and 2033, and January 1, and July 1, 2034, interest at a variable rate adjusted weekly, and issued $5.42 million Single-Family Mortgage Purchase Fixed Rate Bonds, 2003 Series D, maturing on July 1, 2005 through 2013, interest rates of 1.70 percent to 3.80 percent.

Salt Lake Community College (a nonmajor component unit) has a ten-year operating lease commitment, expiring September 30, 2011, for use of the Metro Center building in downtown Salt Lake City with future lease payments totaling $5.23 million. In August 2003, Salt Lake City condemned the facility due to safety concerns with the structure of the building. As of September 2003, the College began withholding monthly lease payments and is pursuing a legal resolution regarding its future financial commitments for the building.

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,465,650	$ 1,458,650	$ 1,443,974	$ (14,676)
Licenses, Permits, and Fees:				
Insurance Fees	6,343	6,084	5,639	(445)
Court Fees	4,382	4,380	4,365	(15)
Other Licenses, Permits, and Fees	7,855	6,136	7,758	1,622
Investment Income	12,000	6,050	6,471	421
Federal Appropriation—Jobs and Growth Relief	—	—	37,970	37,970
Miscellaneous Taxes and Other:				
Beer Tax	9,785	10,867	10,357	(510)
Cigarette and Tobacco Tax	53,515	50,933	43,857	(7,076)
Inheritance Tax	8,900	31,950	32,978	1,028
Insurance Premium Tax	52,050	64,000	58,989	(5,011)
Oil, Gas, and Mining Severance Tax	29,650	22,800	32,579	9,779
Taxpayer Rebates	(5,450)	(5,100)	(5,513)	(413)
Court Collections	7,368	6,483	5,659	(824)
Miscellaneous Other	15,552	17,480	16,240	(1,240)
Total General Revenues	1,667,600	1,680,713	1,701,323	20,610
Department Specific Revenues				
Restricted Sales Tax	2,980	3,270	2,825	(445)
Federal Contracts and Grants	1,343,620	1,479,673	1,479,673	—
Departmental Collections	186,361	196,796	198,334	1,538
Higher Education Collections	242,037	260,464	260,464	—
Federal Mineral Lease	29,300	42,300	46,335	4,035
Investment Income	2,919	2,410	2,560	150
Miscellaneous	326,618	381,769	385,024	3,255
Total Department Specific Revenues	2,133,835	2,366,682	2,375,215	8,533
Total Revenues	3,801,435	4,047,395	4,076,538	29,143
Expenditures				
General Government	176,271	179,385	159,290	20,095
Human Services and Youth Corrections	545,968	551,032	543,377	7,655
Corrections, Adult	186,382	183,669	177,170	6,499
Public Safety	131,880	128,582	123,780	4,802
Courts	101,947	99,868	97,465	2,403
Health and Environmental Quality	1,261,093	1,401,495	1,388,045	13,450
Higher Education – State Administration	38,733	34,891	34,891	—
Higher Education – Colleges and Universities	844,134	860,762	860,692	70
Employment and Family Services	258,949	369,547	369,473	74
Natural Resources	133,552	163,745	137,673	26,072
Community and Economic Development	119,686	102,314	91,056	11,258
Business, Labor, and Agriculture	62,756	64,731	54,647	10,084
Total Expenditures	3,861,351	4,140,021	4,037,559	102,462
Excess Revenues Over (Under) Expenditures	(59,916)	(92,626)	38,979	131,605
Other Financing Sources (Uses)				
Transfers In	152,388	161,055	161,055	—
Transfers Out	(195,397)	(164,322)	(164,322)	—
Total Other Financing Sources (Uses)	(43,009)	(3,267)	(3,267)	0
Net Change in Fund Balance	(102,925)	(95,893)	35,712	131,605
Budgetary Fund Balance – Beginning	199,360	199,360	199,360	—
Budgetary Fund Balance – Ending	$ 96,435	$ 103,467	$ 235,072	$ 131,605

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Uniform School Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 1,676,625	$ 1,601,850	$ 1,575,486	$ (26,364)
Corporate Tax	116,925	128,530	160,522	31,992
Investment Income	4,200	9,800	8,388	(1,412)
Miscellaneous Other	8,900	5,750	4,961	(789)
Total General Revenues	1,806,650	1,745,930	1,749,357	3,427
Department Specific Revenues				
Federal Contracts and Grants	237,429	287,709	287,709	—
Departmental Collections	2,526	1,976	1,976	—
Miscellaneous:				
School Lunch Tax	15,005	15,799	15,799	—
Driver Education Fee	4,200	4,310	4,310	—
Other	7,985	8,472	8,540	68
Total Department Specific Revenues	267,145	318,266	318,334	68
Total Revenues	2,073,795	2,064,196	2,067,691	3,495
Expenditures				
Public Education	1,977,721	2,023,134	1,986,271	36,863
Total Expenditures	1,977,721	2,023,134	1,986,271	36,863
Excess Revenues Over (Under) Expenditures	96,074	41,062	81,420	40,358
Other Financing Sources (Uses)				
Transfers In	1,676	1,565	1,565	—
Transfers Out	(126,810)	(33,951)	(33,951)	—
Total Other Financing Sources (Uses)	(125,134)	(32,386)	(32,386)	0
Net Change in Fund Balance	(29,060)	8,676	49,034	40,358
Budgetary Fund Balance – Beginning	43,891	43,891	43,891	—
Budgetary Fund Balance – Ending	$ 14,831	$ 52,567	$ 92,925	$ 40,358

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 231,200	$ 241,350	$ 236,639	$ (4,711)
Special Fuel Tax	88,150	86,200	84,523	(1,677)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	28,130	30,008	28,359	(1,649)
Proportional Registration Fees	12,738	12,170	11,838	(332)
Temporary Permits	425	399	397	(2)
Special Transportation Permits	6,369	5,816	6,112	296
Highway Use Permits	8,598	8,258	7,944	(314)
Motor Vehicle Control Fees	4,458	4,445	4,289	(156)
Miscellaneous	1,698	1,657	1,721	64
Investment Income	2,017	1,707	1,655	(52)
Miscellaneous Other	2,867	990	3,081	2,091
Total General Revenues	386,650	393,000	386,558	(6,442)
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	34,400	34,500	34,348	(152)
Federal Contracts and Grants	140,314	191,104	191,104	—
Departmental Collections	34,297	42,210	41,947	(263)
Federal Aeronautics	30,000	20,000	18,791	(1,209)
Investment Income	280	432	732	300
Miscellaneous	4,850	18,810	19,160	350
Total Department Specific Revenues	244,141	307,056	306,082	(974)
Total Revenues	630,791	700,056	692,640	(7,416)
Expenditures				
Transportation	539,068	620,399	573,874	46,525
Total Expenditures	539,068	620,399	573,874	46,525
Excess Revenues Over (Under) Expenditures	91,723	79,657	118,766	39,109
Other Financing Sources (Uses)				
General Obligation Bonds Issued	—	45,400	45,400	—
Premium (Discount) on Bonds Issued	—	6,600	6,600	—
Transfers In	22,165	19,412	19,412	—
Transfers Out	(95,702)	(107,483)	(107,483)	—
Total Other Financing Sources (Uses)	(73,537)	(36,071)	(36,071)	0
Net Change in Fund Balance	18,186	43,586	82,695	39,109
Budgetary Fund Balance – Beginning	91,755	91,755	91,755	—
Budgetary Fund Balance – Ending	$ 109,941	$ 135,341	$ 174,450	$ 39,109

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Centennial Highway Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 5,382	$ 5,000	$ 4,841	$ (159)
Motor Vehicle Registration Fees	17,700	18,300	18,719	419
Investment Income	4,700	3,800	5,355	1,555
Total General Revenues	27,782	27,100	28,915	1,815
Department Specific Revenues				
Federal Contracts and Grants	37,858	42,753	42,753	—
Miscellaneous	3,408	—	—	—
Total Department Specific Revenues	41,266	42,753	42,753	0
Total Revenues	69,048	69,853	71,668	1,815
Expenditures				
Transportation	280,704	216,860	203,877	12,983
Total Expenditures	280,704	216,860	203,877	12,983
Excess Revenues Over (Under) Expenditures	(211,656)	(147,007)	(132,209)	14,798
Other Financing Sources (Uses)				
General Obligation Bonds Issued	—	95,285	95,285	—
Premium (Discount) on Bonds Issued	—	13,981	13,981	—
Transfers In	132,984	124,648	124,648	—
Transfers Out	(82,657)	(86,828)	(86,828)	—
Total Other Financing Sources (Uses)	50,327	147,086	147,086	0
Net Change in Fund Balance	(161,329)	79	14,877	14,798
Budgetary Fund Balance – Beginning	305,357	305,357	305,357	—
Budgetary Fund Balance – Ending	$ 144,028	$ 305,436	$ 320,234	$ 14,798

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Centennial Highway Fund
Revenues				
Actual total revenues (budgetary basis)	$ 4,076,538	$ 2,067,691	$ 692,640	$ 71,668
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(279,981)	(6,787)	(20,803)	—
Higher education collections are budgetary revenues but are not revenues for financial reporting	(260,464)	—	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	12,741	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	(10,474)	12,641	455	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 3,538,360	$ 2,073,545	$ 672,292	$ 71,668
Expenditures				
Actual total expenditures (budgetary basis)	$ 4,037,559	$ 1,986,271	$ 573,874	$ 203,877
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(279,981)	(6,787)	(20,803)	—
Expenditures related to higher education collections are budgetary expenditures but are not expenditures for financial reporting	(260,464)	—	—	—
Certain budgetary transfers are reported as expenditures for financial reporting	3,300	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	863	(23)	(809)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	18,145	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 3,519,422	$ 1,979,461	$ 552,262	$ 203,877

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2003, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: 1) lapse to unrestricted balances and be available for future appropriation; 2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or 3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Legal Compliance and Budget Management

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The appropriations may not exceed the estimated available funding for the fiscal year.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

The departments which spend more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by $559 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

The State also has an appropriation limitation statute that limits the growth in state appropriations in two ways. First, as population, personal income, and inflation increase, appropriations are allowed to increase only at the same relative rate. Second, the state-mandated property tax rate, which funds a portion of public education at the local level, is capped at the level set July 1, 1989. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, transfers to the Budgetary Reserve Account (Rainy Day Fund), and appropriations from sources other than general unrestricted revenues are exempt from the appropriations limitation. For the fiscal year ended June 30, 2003, the State was $313.1 million below the appropriations limitation. The State is currently below the fiscal year 2004 appropriations limitation by $396.9 million.

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,799 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 – 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 – 4.34	Pavements which provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

Condition Level

The State's established condition level is to maintain 50 percent of its roads with a rating of "fair" or better and no more than 15 percent of roads with a rating of "very poor."

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of "fair" or better (ratings of 2.75 through 5.0) or "very poor" (ratings of 1.0 through 1.84) for the last three years:

Rating	2002	2001	2000
Fair or Better	73.0%	70.4%	66.5%
Very Poor	6.6%	8.3%	10.7%

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,778 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replace includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2003	2002	2001
Good	70.0%	70.4%	67.0%
Poor	3.0%	2.8%	5.0%

The following table presents the State's estimated amounts needed to maintain and preserve the roads and bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2003	$ 271,599	$ 264,289
2002	$ 285,044	$ 330,894
2001	$ 281,497	$ 246,399
2000	$ 251,039	$ 249,500
1999	$ 238,970	$ 263,568

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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SUPPLEMENTARY INFORMATION

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Tobacco Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends on fund assets is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup, and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, for costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through private donations, fees, and legislative appropriations.

Utah Sports Authority Fund
This fund was created to account for revenues and expenditures associated with the Utah Sports Authority. Sales and use tax revenues were used to construct winter Olympic facilities that were sold to the Salt Lake Organizing Committee in July of 1999. This fund was closed during the current year.

Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects–General Government
This fund accounts for the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects–State Building Ownership Authority (Blended Component Unit)
This fund accounts for the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service–General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service–State Building Ownership Authority (Blended Component Unit)
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2003 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 249	$ 1,419	$ 928	$ 4,796
Investments	11,928	22,163	12,622	—
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	—	—	—	—
Notes/Mortgages, net	—	—	—	—
Due From Other Funds	—	—	110	—
Due From Component Units	—	—	—	—
Total Assets	$ 12,177	$ 23,582	$ 13,660	$ 4,796
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 286	$ 81	$ —
Due To Other Funds	—	4	53	9
Due To Component Units	—	—	—	—
Deferred Revenue	—	1	—	—
Total Liabilities	0	291	134	9
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	12,177	17,280	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	6,011	13,526	4,787
Total Fund Balances	12,177	23,291	13,526	4,787
Total Liabilities and Fund Balances	$ 12,177	$ 23,582	$ 13,660	$ 4,796

Special Revenue					Capital Projects	
Consumer Education	Rural Development	State Capitol	Utah Sports Authority	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 2,452	$ 3,100	$ 147	$ 33	$ 2,340	$ 49,178	$ 203
756	9,139	174	—	15,114	160,102	60,546
4	—	—	—	137	16	—
—	—	—	—	—	—	—
—	155	—	—	—	—	—
2	—	39	—	76	1,701	—
—	—	—	—	—	3,678	—
$ 3,214	$ 12,394	$ 360	$ 33	$ 17,667	$ 214,675	$ 60,749
$ 47	$ 17	$ 15	$ 33	$ 55	$ 18,980	$ 1,814
34	59	308	—	288	931	855
—	—	—	—	—	—	4,812
—	—	—	—	10,835	11	—
81	76	323	33	11,178	19,922	7,481
—	—	—	—	—	119,045	52
—	—	—	—	4,662	219	—
—	—	—	—	—	—	53,216
—	—	—	—	—	—	—
—	—	—	—	—	75,489	—
—	—	—	—	—	—	—
3,133	12,318	37	—	1,827	—	—
3,133	12,318	37	0	6,489	194,753	53,268
$ 3,214	$ 12,394	$ 360	$ 33	$ 17,667	$ 214,675	$ 60,749

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2003 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
ASSETS			
Cash and Cash Equivalents	$ 37,101	$ 964	$ 102,910
Investments	2,665	5,085	300,294
Receivables:			
Accounts, net	—	28,978	29,135
Accrued Interest	10	52	62
Notes/Mortgages, net	—	—	155
Due From Other Funds	—	2,255	4,183
Due From Component Units	—	14,599	18,277
Total Assets	$ 39,776	$ 51,933	$ 455,016
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 30,895	$ 641	$ 52,864
Due To Other Funds	3	589	3,133
Due To Component Units	—	—	4,812
Deferred Revenue	—	43,577	54,424
Total Liabilities	30,898	44,807	115,233
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	119,097
Specific Purposes by Statute	—	—	34,338
Capital Projects	—	—	53,216
Debt Service	1,771	7,126	8,897
Unreserved Designated, reported in nonmajor:			
Capital Projects Funds	—	—	75,489
Debt Service Funds	7,107	—	7,107
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	41,639
Total Fund Balances	8,878	7,126	339,783
Total Liabilities and Fund Balances	$ 39,776	$ 51,933	$ 455,016

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Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Other Taxes	$ —	$ —	$ —	$ —
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	1,413	—
Charges for Services	—	3	5,818	—
Licenses, Permits, and Fees	—	2,366	—	4,477
Federal Mineral Lease	—	—	—	—
Intergovernmental	—	—	—	—
Investment Income	(1,617)	548	354	—
Miscellaneous and Other	16,321	—	—	—
Total Revenues	14,704	2,917	7,585	4,477
EXPENDITURES				
Current:				
General Government	—	1,574	6,889	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	2,493	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Economic Development	—	—	—	—
Business, Labor, and Agriculture	—	—	—	8,585
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	4,067	6,889	8,585
Excess Revenues Over (Under) Expenditures	14,704	(1,150)	696	(4,108)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Premium (Discount) on Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Payment of Current Bond Refunding	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Transfers In	377	883	—	—
Transfers Out	(44,435)	(500)	(3,728)	—
Total Other Financing Sources (Uses)	(44,058)	383	(3,728)	0
Net Change in Fund Balances	(29,354)	(767)	(3,032)	(4,108)
Fund Balances – Beginning	41,531	24,058	16,558	8,895
Fund Balances – Ending	$ 12,177	$ 23,291	$ 13,526	$ 4,787

Special Revenue					Capital Projects	
Consumer Education	Rural Development	State Capitol	Utah Sports Authority	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ 2,626	$ —	$ —	$ —	$ —	$ —
0	2,626	0	0	0	0	0
—	—	—	41	2,069	—	—
1,004	—	265	—	111	—	—
1,943	—	—	—	—	—	—
—	972	—	—	—	—	—
—	—	—	—	—	8,463	—
47	229	4	8	187	2,567	2,133
—	—	121	—	1,737	919	54
2,994	3,827	390	49	4,104	11,949	2,187
—	—	2,576	—	2,529	5,817	—
—	—	—	—	391	1,237	—
—	—	—	—	—	2,491	—
—	—	—	—	1,369	1,318	—
—	—	—	—	—	1,436	—
—	—	—	—	—	722	—
—	—	—	—	—	4,809	—
—	—	—	—	—	185	—
—	—	—	—	—	1,859	—
—	2,866	—	240	133	16	—
2,179	—	—	—	—	35	—
—	—	—	—	92	327	—
—	—	—	—	2	493	—
—	—	—	—	—	154,997	50,864
—	—	—	—	—	—	—
—	—	—	—	—	—	—
2,179	2,866	2,576	240	4,516	175,742	50,864
815	961	(2,186)	(191)	(412)	(163,793)	(48,677)
—	—	—	—	—	138,020	—
—	—	—	—	—	17,212	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	2,202	—	368	6,806	—
(649)	—	—	(498)	(314)	(5,055)	(1,878)
(649)	0	2,202	(498)	54	156,983	(1,878)
166	961	16	(689)	(358)	(6,810)	(50,555)
2,967	11,357	21	689	6,847	201,563	103,823
$ 3,133	$ 12,318	$ 37	$ 0	$ 6,489	$ 194,753	$ 53,268

Continues

Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
REVENUES			
Taxes:			
Other Taxes	$ —	$ —	$ 2,626
Total Taxes	0	0	2,626
Other Revenues:			
Federal Contracts and Grants	—	—	3,523
Charges for Services	—	—	7,201
Licenses, Permits, and Fees	—	—	8,786
Federal Mineral Lease	—	—	972
Intergovernmental	—	—	8,463
Investment Income	202	131	4,793
Miscellaneous and Other	—	23,499	42,651
Total Revenues	202	23,630	79,015
EXPENDITURES			
Current:			
General Government	—	—	19,385
Human Services and Youth Corrections	—	—	1,628
Corrections, Adult	—	—	2,491
Public Safety	—	—	2,687
Courts	—	—	1,436
Health and Environmental Quality	—	—	3,215
Higher Education – Colleges and Universities	—	—	4,809
Employment and Family Services	—	—	185
Natural Resources	—	—	1,859
Community and Economic Development	—	—	3,255
Business, Labor, and Agriculture	—	—	10,799
Public Education	—	—	419
Transportation	—	—	495
Capital Outlay	—	—	205,861
Debt Service:			
Principal Retirement	97,550	12,103	109,653
Interest and Other Charges	64,056	15,311	79,367
Total Expenditures	161,606	27,414	447,544
Excess Revenues Over (Under) Expenditures	(161,404)	(3,784)	(368,529)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	138,020
Premium (Discount) on Bonds Issued	49,963	—	67,175
Refunding Bonds Issued	381,800	—	381,800
Payment of Current Bond Refunding	(150,000)	—	(150,000)
Payment to Refunded Bond Escrow Agent	(279,369)	—	(279,369)
Transfers In	153,815	2,101	166,552
Transfers Out	—	—	(57,057)
Total Other Financing Sources (Uses)	156,209	2,101	267,121
Net Change in Fund Balances	(5,195)	(1,683)	(101,408)
Fund Balances – Beginning	14,073	8,809	441,191
Fund Balances – Ending	$ 8,878	$ 7,126	$ 339,783

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State of Utah

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT					
Legislature					
1	Senate	$ 2,562	$ —	$ —	$ 2,562
2	House	2,994	—	—	2,994
5	Printing	870	—	234	1,104
6	Research and General Counsel	5,000	—	—	5,000
7	Tax Review Commission	53	—	—	53
8	Constitutional Revision Commission	64	—	—	64
4	Fiscal Analyst	2,764	—	—	2,764
3	Auditor General	2,192	—	—	2,192
	Total Legislature	16,499	0	234	16,733
Elected Officials					
16	State Treasurer	$ 2,253	$ —	$ 137	$ 2,390
9	GOV – Administrative Office	2,660	—	818	3,478
13	GOV – Planning and Budget	6,261	3	420	6,684
10	GOV – Elections	1,039	—	2	1,041
14	GOV – Criminal and Juvenile Justice	2,677	15,930	77	18,684
11	GOV – Emergency and Contingency Fund	102	—	—	102
12	GOV – RS 2477 Right of Way	3,031	—	—	3,031
17	Attorney General	17,929	442	12,492	30,863
18	AG – Contract Attorneys	—	—	464	464
22	AG – Obsenity and Porn Ombudsman	144	—	—	144
20	AG – Prosecution Council	551	—	5	556
21	AG – Domestic Violence	79	—	—	79
19	AG – Children's Justice Centers	2,136	125	—	2,261
15	State Auditor	2,772	—	815	3,587
	Total Elected Officials	41,634	16,500	15,230	73,364
Government Operations					
43	Department of Administrative Services	$ 762	$ —	$ 131	$ 893
45	DAS – Administrative Rules	277	—	—	277
46	DAS – Facilities Construction and Management	3,087	—	—	3,087
47	DAS/DFCM – Facilities Management	81	—	170	251
48	DAS – Archives	2,008	—	40	2,048
49	DAS – Finance	10,529	—	1,906	12,435
51	DAS – Post Conviction Indigent Defense Fund	471	—	—	471
50	DAS – Mandated Expenditures	—	—	—	—
52	DAS – Judicial Conduct Commission	232	—	—	232
55	DAS – Purchasing	1,232	—	67	1,299
—	DAS – UoU Light Rail	2,361	—	—	2,361
66	Tax Commission – Administration	51,595	514	5,919	58,028
67	TAX – License Plates Production	2,348	—	2,103	4,451
68	TAX – Liquor Profit Distribution	—	—	—	—
97	Career Service Review Board	202	—	—	202
98	Human Resource Management	2,954	—	299	3,253
	Total Government Operations	78,139	514	10,635	89,288
	Total General Government	$ 136,272	$ 17,014	$ 26,099	$ 179,385

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 1,661	$ —	$ —	$ 901	1
2,908	—	—	86	2
726	—	—	378	5
4,842	—	—	158	6
52	—	—	1	7
52	—	—	12	8
1,865	—	—	899	4
1,916	—	—	276	3
14,022	0	0	2,711	
$ 1,982	$ 112	$ —	$ 296	16
2,754	—	—	724	9
4,650	—	—	2,034	13
781	—	—	260	10
18,318	—	—	366	14
—	—	—	102	11
1,857	—	—	1,174	12
29,139	—	—	1,724	17
464	—	—	—	18
144	—	—	—	22
532	—	24	—	20
77	—	2	—	21
2,254	—	—	7	19
3,395	—	—	192	15
66,347	112	26	6,879	
$ 892	$ 1	$ —	$ —	43
269	—	—	8	45
2,863	—	224	—	46
251	—	—	—	47
1,974	9	—	65	48
10,284	—	—	2,151	49
64	—	—	407	51
—	—	—	—	50
198	—	—	34	52
1,269	—	—	30	55
2,361	—	—	—	—
53,411	352	—	4,265	66
1,816	—	—	2,635	67
—	—	—	—	68
202	—	—	—	97
3,067	14	—	172	98
78,921	376	224	9,767	
$ 159,290	$ 488	$ 250	$ 19,357	

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HUMAN SERVICES					
132	Department of Human Services	$ 7,507	$ 5,888	$ 4,433	$ 17,828
134	Mental Health	55,992	4,960	11,819	72,771
135	Substance Abuse	11,663	20,114	382	32,159
133	Drug Court Program	1,647	—	—	1,647
136	Services for People with Disabilities	44,820	2,000	103,804	150,624
137	Recovery Services	11,058	25,885	4,924	41,867
138	Child and Family Services	62,502	39,199	20,346	122,047
29	Youth Corrections	69,115	2,212	20,263	91,590
30	Youth Parole Authority	282	19	—	301
139	Aging and Adult Services	11,545	8,284	369	20,198
	Total Human Services	$ 276,131	$ 108,561	$ 166,340	$ 551,032
CORRECTIONS					
23	Corrections – Programs and Operations	$ 132,405	$ 755	$ 4,317	$ 137,477
24	DOC – Medical Services	16,494	—	261	16,755
26	DOC – Jail Reimbursement	18,086	—	—	18,086
—	DOC – Jail Contracting	8,516	—	—	8,516
28	DOC – Board of Pardons and Parole	2,816	—	19	2,835
	Total Corrections	$ 178,317	$ 755	$ 4,597	$ 183,669
PUBLIC SAFETY					
Department of Public Safety					
37	DPS – Programs and Operations	$ 56,319	$ 1,817	$ 6,499	$ 64,635
38	DPS – Emergency Services and Homeland Security	2,123	10,551	346	13,020
39	DPS – Peace Officer's Standards and Training	2,728	2,158	80	4,966
40	DPS – Driver License	19,947	—	10	19,957
41	DPS – Highway Safety	498	3,735	—	4,233
	Total Department of Public Safety	81,615	18,261	6,935	106,811
Utah National Guard					
228	Utah National Guard Administration	$ 4,130	$ 17,495	$ 146	$ 21,771
	Total Public Safety	$ 85,745	$ 35,756	$ 7,081	$ 128,582

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 17,621	$ 207	$ —	$ —	132
72,506	265	—	—	134
32,153	6	—	—	135
1,647	—	—	—	133
147,084	—	150	3,390	136
41,608	259	—	—	137
120,430	602	252	763	138
89,989	674	—	927	29
259	—	—	42	30
20,080	118	—	—	139
$ 543,377	$ 2,131	$ 402	$ 5,122	
$ 132,385	$ 981	$ —	$ 4,111	23
15,660	719	—	376	24
17,926	—	—	160	26
8,516	—	—	—	—
2,683	7	—	145	28
$ 177,170	$ 1,707	$ 0	$ 4,792	
$ 62,990	$ 25	$ 535	$ 1,085	37
11,319	10	1,416	275	38
4,872	—	20	74	39
18,705	—	10	1,242	40
4,215	—	18	—	41
102,101	35	1,999	2,676	
$ 21,679	$ —	$ —	$ 92	228
$ 123,780	$ 35	$ 1,999	$ 2,768	

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
STATE COURTS					
31	Judicial Council	$ 73,746	$ 54	$ 2,676	$ 76,476
33	Grand Jury	1	—	—	1
32	Contracts and Leases	18,404	—	188	18,592
35	Jury and Witness Fees	1,152	—	7	1,159
36	Guardian Ad Litem	3,637	—	3	3,640
	Total State Courts	$ 96,940	$ 54	$ 2,874	$ 99,868
HEALTH and ENVIRONMENTAL QUALITY					
—	Commodities	$ —	$ 6,944	$ —	$ 6,944
121	Department of Health	6,521	9,658	2,015	18,194
122	Health System Improvements	5,262	4,180	3,969	13,411
126	Epidemiology and Laboratory Services	4,803	7,822	2,723	15,348
127	Community and Family Health Services	16,840	57,151	19,906	93,897
128	Health Care Financing	9,454	41,873	21,728	73,055
129	Medical Assistance	199,790	765,098	140,978	1,105,866
131	Local Health Department	2,086	—	—	2,086
130	Children's Health Insurance Program	5,497	21,937	2,115	29,549
125	Workforce Assistance	1,681	63	—	1,744
193	Medical Education Program	63	163	308	534
229	Environmental Quality	20,075	13,841	6,951	40,867
	Total Health and Environmental Quality	$ 272,072	$ 928,730	$ 200,693	$ 1,401,495
HIGHER EDUCATION					
180	Board of Regents	$ 3,181	$ 183	$ 1	$ 3,365
182	REG – Federal Programs	—	159	—	159
181	REG – Engineering Initiative	1,989	—	—	1,989
183	REG – Student Aid	5,897	499	2	6,398
184	REG – WICHE	1,029	—	17	1,046
185	REG – T. H. Bell Scholarship Program	624	—	296	920
186	REG – University Centers	261	—	—	261
187	REG – Technology Initiative	2,493	—	—	2,493
188	REG – Electronic College	487	—	—	487
189	REG – Academic Library Consortium	2,939	—	—	2,939
141	U of U – Education and General	183,561	—	83,297	266,858
142	U of U – Educationally Disadvantaged	704	—	—	704
143	U of U – School of Medicine	19,862	—	6,828	26,690
144	U of U – University Hospital	4,372	—	120	4,492
145	U of U – Regional Dental Education	562	—	122	684
146	U of U – Public Service	1,112	—	1	1,113
147	U of U – Statewide TV Administration	2,366	—	—	2,366
148	U of U – Land Grant Management	—	—	508	508

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 73,834	$ 450	$ 1,092	$ 1,100	31
—	—	—	1	33
18,304	—	—	288	32
1,718	—	—	(559)	35
3,609	—	—	31	36
$ 97,465	$ 450	$ 1,092	$ 861	
$ 6,944	$ —	$ —	$ —	—
17,405	359	105	325	121
12,549	17	—	845	122
14,701	333	—	314	126
93,137	96	—	664	127
72,942	—	113	—	128
1,100,163	—	5,227	476	129
2,086	—	—	—	131
29,549	—	—	—	130
566	—	—	1,178	125
516	—	—	18	193
37,487	47	1,602	1,731	229
$ 1,388,045	$ 852	$ 7,047	$ 5,551	
$ 3,365	$ —	$ —	$ —	180
159	—	—	—	182
1,989	—	—	—	181
6,398	—	—	—	183
1,046	—	—	—	184
920	—	—	—	185
261	—	—	—	186
2,493	—	—	—	187
487	—	—	—	188
2,939	—	—	—	189
266,858	—	—	—	141
704	—	—	—	142
26,690	—	—	—	143
4,492	—	—	—	144
684	—	—	—	145
1,113	—	—	—	146
2,366	—	—	—	147
508	—	—	—	148

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)					
149	U of U – Poison Control Center	—	—	1,777	1,777
150	USU – Education and General	94,521	—	36,818	131,339
151	USU – Educationally Disadvantaged	229	—	—	229
156	USU – Water Research Laboratory	2,414	—	—	2,414
157	USU – Agricultural Experiment Station	11,379	2,852	—	14,231
158	USU – Cooperative Extension Service	10,778	2,156	—	12,934
152	USU – Uintah Basin CEC	2,740	—	1,973	4,713
153	USU – Southeastern Utah CEC	631	—	303	934
159	USU – Land Grant Management	—	—	146	146
154	USU – Brigham City CEC	378	—	1,255	1,633
155	USU – Tooele CEC	1,040	—	2,559	3,599
160	Weber – Education and General	54,636	—	30,851	85,487
161	Weber – Educationally Disadvantaged	324	—	—	324
162	SUU – Education and General	25,965	—	9,404	35,369
163	SUU – Educationally Disadvantaged	90	—	—	90
164	SUU – Shakespeare Festival	13	—	—	13
165	Snow College – Education and General	11,997	—	4,135	16,132
166	Snow College – Educationally Disadvantaged	32	—	—	32
167	Snow College South	3,128	—	652	3,780
168	Dixie – Education and General	16,004	—	7,502	23,506
169	Dixie – Educationally Disadvantaged	31	—	—	31
170	Dixie – Zion Park Amphitheatre	56	—	41	97
171	CEU – Education and General	9,843	—	2,072	11,915
172	CEU – Educationally Disadvantaged	119	—	—	119
173	CEU – Prehistoric Museum	180	—	—	180
174	CEU – San Juan Center	1,727	—	529	2,256
175	UVSC – Education and General	39,783	—	39,015	78,798
176	UVSC – Educationally Disadvantaged	132	—	—	132
177	SLCC – Education and General	49,451	—	28,229	77,680
178	SLCC – Educationally Disadvantaged	181	—	—	181
179	SLCC – Skill Center	3,888	—	1,114	5,002
69	Utah College of Applied Technology	6,149	—	361	6,510
70	UCAT Bridgerland	6,808	—	1,001	7,809
72	UCAT Davis	6,684	—	1,201	7,885
75	UCAT Ogden/Weber	7,407	—	1,210	8,617
79	UCAT Uintah Basin	3,549	—	349	3,898
76	UCAT Salt Lake/Tooele	1,717	—	—	1,717
74	UCAT Mountainlands	1,892	—	—	1,892
77	UCAT Southeast	732	—	—	732
78	UCAT Southwest	1,123	—	—	1,123
73	UCAT Dixie	720	—	—	720
71	UCAT Central	1,371	—	—	1,371
192	CEU Distance Education	266	—	—	266
191	USU Satellite Telecommunication	1,466	—	—	1,466
190	Utah Education Network	13,102	—	—	13,102
	Total Higher Education	$ 626,115	$ 5,849	$ 263,689	$ 895,653

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
1,777	—	—	—	149
131,339	—	—	—	150
229	—	—	—	151
2,414	—	—	—	156
14,231	—	—	—	157
12,934	—	—	—	158
4,713	—	—	—	152
934	—	—	—	153
146	—	—	—	159
1,633	—	—	—	154
3,599	—	—	—	155
85,487	—	—	—	160
324	—	—	—	161
35,369	—	—	—	162
90	—	—	—	163
13	—	—	—	164
16,132	—	—	—	165
32	—	—	—	166
3,780	—	—	—	167
23,506	—	—	—	168
31	—	—	—	169
97	—	—	—	170
11,915	—	—	—	171
119	—	—	—	172
180	—	—	—	173
2,256	—	—	—	174
78,798	—	—	—	175
132	—	—	—	176
77,680	—	—	—	177
181	—	—	—	178
5,002	—	—	—	179
6,440	—	—	70	69
7,809	—	—	—	70
7,885	—	—	—	72
8,617	—	—	—	75
3,898	—	—	—	79
1,717	—	—	—	76
1,892	—	—	—	74
732	—	—	—	77
1,123	—	—	—	78
720	—	—	—	73
1,371	—	—	—	71
266	—	—	—	192
1,466	—	—	—	191
13,102	—	—	—	190
$ 895,583	$ 0	$ 0	$ 70	

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
WORKFORCE SERVICES					
—	Commodities	$ —	$ 92,893	$ —	$ 92,893
80	Department of Workforce Services	54,505	216,052	6,097	276,654
—	Nonappropriated	—	—	—	—
	Total Workforce Services	$ 54,505	$ 308,945	$ 6,097	$ 369,547
NATURAL RESOURCES					
194	Department of Natural Resources	$ 6,688	$ 1,185	$ —	$ 7,873
196	DNR – Rent, Utilities, and Fixtures	1,661	—	—	1,661
197	DNR – Forestry, Fire, and State Lands	14,188	6,342	3,834	24,364
198	DNR – Oil, Gas, and Mining	3,446	4,111	198	7,755
199	DNR – Wildlife Resources	29,149	8,230	217	37,596
195	DNR – Species Protection	687	—	1,950	2,637
202	DNR/DWR – Contributed Research	—	15	814	829
203	DNR/DWR – Cooperative Environmental Studies	—	3,741	1,884	5,625
205	DNR – Parks and Recreation	13,735	951	8,061	22,747
206	DNR/DPR – Capital Development	14,421	1,300	6,925	22,646
207	DNR – Utah Geological Survey	3,364	572	756	4,692
208	DNR – Water Resources	4,516	—	34	4,550
204	DNR/DWR – Capital Development	3,774	10,769	—	14,543
211	DNR – Water Rights	5,834	—	262	6,096
—	DNR Oil Overcharge	131	—	—	131
	Total Natural Resources	$ 101,594	$ 37,216	$ 24,935	$ 163,745
COMMUNITY AND ECONOMIC DEVELOPMENT					
99	Community and Economic Development	$ 2,497	$ —	$ —	$ 2,497
100	Incentive Funds Administration	287	—	195	482
—	Industrial Assistance Grants	6,205	—	—	6,205
101	Indian Affairs	202	85	1	288
106	Business and Economic Development	10,315	759	67	11,141
107	Travel Council	7,010	—	233	7,243
108	State History	1,992	690	—	2,682
109	Historical Society	185	158	40	383
110	Fine Arts	2,773	502	116	3,391
111	State Library	4,024	1,283	1,750	7,057
112	Community Development	7,562	27,260	4,369	39,191
114	Community Development Capital	20,349	—	—	20,349
113	Zoos	1,324	—	—	1,324
—	Housing Loan	81	—	—	81
	Total Community and Economic Development	$ 64,806	$ 30,737	$ 6,771	$ 102,314

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 92,893	$ —	$ —	$ —	—
276,654	—	—	—	80
(74)	—	74	—	—
$ 369,473	$ 0	$ 74	$ 0	
$ 5,831	$ —	$ 2,021	$ 21	194
1,661	—	—	—	196
21,632	—	259	2,473	197
7,069	94	98	494	198
32,576	—	4,224	796	199
2,338	—	299	—	195
829	—	—	—	202
5,625	—	—	—	203
22,158	5	90	494	205
10,557	—	700	11,389	206
4,325	—	—	367	207
4,452	—	31	67	208
12,536	—	1,007	1,000	204
5,953	93	—	50	211
131	—	—	—	—
$ 137,673	$ 192	$ 8,729	$ 17,151	
$ 2,351	$ 108	$ —	$ 38	99
374	—	108	—	100
6,205	—	—	—	—
281	—	—	7	101
8,643	80	—	2,418	106
7,117	36	—	90	107
2,548	—	—	134	108
190	—	—	193	109
3,051	—	—	340	110
7,034	—	—	23	111
38,450	64	4	673	112
13,407	—	6,942	—	114
1,324	—	—	—	113
81	—	—	—	—
$ 91,056	$ 288	$ 7,054	$ 3,916	

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE					
213	Department of Agriculture and Food	$ 9,837	$ 3,271	$ 2,286	$ 15,394
214	AGR – Building Operations	264	—	—	264
215	AGR – Predatory Animal Control	1,504	—	—	1,504
216	AGR – Resource Conservation	1,501	—	—	1,501
—	AGR – Taylor Grazing Act	—	129	—	129
82	Labor Commission	6,146	2,446	—	8,592
83	Department of Commerce	17,245	212	841	18,298
84	COM – Real Estate Education	249	—	—	249
85	COM/DPU – Professional Services	185	—	—	185
86	COM/CCS – Professional Services	1,000	—	—	1,000
87	Financial Institutions	4,182	—	—	4,182
88	Insurance Department	4,677	—	1,368	6,045
90	Bail Bond Program	22	—	—	22
91	Title Insurance Program	52	—	68	120
92	Public Service Commission	1,591	—	1	1,592
93	PSC – Research and Analysis	—	—	59	59
94	PSC – Speech and Hearing Impaired	4,250	—	1,345	5,595
	Total Business, Labor, and Agriculture	$ 52,705	$ 6,058	$ 5,968	$ 64,731
TOTAL GENERAL FUND					
	Total Expenditures	$ 1,945,202	$ 1,479,675	$ 715,144	$ 4,140,021

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 14,042	$ 90	$ 46	$ 1,216	213
264	—	—	—	214
1,116	—	260	128	215
1,496	1	—	4	216
129	—	—	—	—
8,215	86	291	—	82
16,200	—	1,593	505	83
140	—	—	109	84
22	—	—	163	85
561	—	—	439	86
3,968	—	214	—	87
5,582	62	—	401	88
2	—	20	—	90
75	—	—	45	91
1,409	7	—	176	92
59	—	—	—	93
1,367	—	—	4,228	94
$ 54,647	$ 246	$ 2,424	$ 7,414	
$ 4,037,559	$ 6,389	$ 29,071	$ 67,002	

Detail Schedule of Expenditures—Budget and Actual Comparison Uniform School Fund, Transportation Fund, Centennial Highway Fund, and Debt Service Fund

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
UNIFORM SCHOOL FUND					
220	State Office of Education	$ 29,278	$ 166,136	$ 6,830	$ 202,244
221	State Office of Rehabilitation	18,241	29,734	779	48,754
—	Minimum School Program	1,631,384	—	85	1,631,469
223	Child Nutrition	165	79,639	15,799	95,603
224	Board of Education – Fine Arts and Sciences	2,947	—	—	2,947
225	Educational Contracts	3,883	—	—	3,883
—	Commodities	—	12,200	—	12,200
227	Indirect Cost Pool	342	—	3,166	3,508
222	Schools for the Deaf and Blind	18,624	—	3,902	22,526
	Total Public Education	$ 1,704,864	$ 287,709	$ 30,561	$ 2,023,134
TRANSPORTATION FUND					
233	Support Services	$ 24,955	$ 1,231	$ —	$ 26,186
234	Engineering Services	13,778	10,867	1,026	25,671
235	Maintenance Management	80,665	—	1,293	81,958
236	Construction Management	75,653	176,221	11,431	263,305
237	District Management	21,180	2,659	1,211	25,050
238	Equipment Management	5,202	—	19,126	24,328
239	Aeronautics	7,947	127	19,145	27,219
240	B and C Roads	95,452	—	18,909	114,361
241	Safe Sidewalk Construction	1,983	—	—	1,983
250	Mineral Lease	18,743	—	—	18,743
—	Corridor Preservation	8,979	—	—	8,979
—	Nonappropriated	—	—	2,616	2,616
	Total Department of Transportation	$ 354,537	$ 191,105	$ 74,757	$ 620,399
CENTENNIAL HIGHWAY FUND					
243	Centennial Highway Program	$ 59,486	$ 42,753	$ 114,621	$ 216,860
DEBT SERVICE					
—	General Government	$ 151,761	$ —	$ 9,845	$ 161,606
—	State Building Ownership Authority	223	—	27,191	27,414
	Total Debt Service	$ 151,984	$ 0	$ 37,036	$ 189,020

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 197,632	$ —	$ 78	$ 4,534	220
48,754	—	—	—	221
1,600,278	—	85	31,106	—
95,603	—	—	—	223
2,947	—	—	—	224
3,824	—	—	59	225
12,200	—	—	—	—
3,508	—	—	—	227
21,525	—	—	1,001	222
$ 1,986,271	$ 0	$ 163	$ 36,700	
$ 21,232	$ 4,752	$ 52	$ 150	233
24,946	650	—	75	234
81,513	—	—	445	235
229,751	33,554	—	—	236
24,399	576	—	75	237
23,873	358	—	97	238
25,685	—	1,534	—	239
114,361	—	—	—	240
376	—	—	1,607	241
18,743	—	—	—	250
8,979	—	—	—	—
16	2,600	—	—	—
$ 573,874	$ 42,490	$ 1,586	$ 2,449	
$ 203,877	$ 12,983	$ —	$ —	243
$ 161,606	$ —	$ —	$ —	—
27,414	—	—	—	—
$ 189,020	$ 0	$ 0	$ 0	

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Nonmajor Enterprise Funds

Community Impact Loan Fund
This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

Housing Loan Programs
These programs provide loans or grants to low income or special need individuals for construction, rehabilitation, or purchase of multi-family or single family housing. Funds are provided from federal funds, appropriations, loan repayments, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Clean Fuels Vehicle Loan Fund
This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Petroleum Storage Tank Loan Fund
This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

Alcoholic Beverage Control
The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries (UCI)
UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of collections from milk producers.

Combining Statement Of Net Assets
Nonmajor Enterprise Funds

June 30, 2003 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 46,467	$ 7,669	$ 5,948	$ 2,455
Investments	—	—	—	—
Receivables:				
Accounts, net	—	9	—	—
Accrued Interest	1,460	508	458	1
Notes/Loans/Mortgages, net	8,875	1,880	3,265	23
Due From Other Funds	—	—	—	—
Interfund Loans Receivable	—	—	—	20
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	56,802	10,066	9,671	2,499
Noncurrent Assets:				
Investments	—	1,337	—	—
Notes/Loans/Mortgages Receivables, net	163,278	40,344	23,463	18
Accrued Interest Receivable	117	277	—	—
Interfund Loans Receivable	—	—	—	60
Capital Assets:				
Land	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(20)	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	163,395	41,958	23,463	78
Total Assets	220,197	52,024	33,134	2,577
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	—	96	104	—
Due To Other Funds	—	16	2	49
Deferred Revenue	—	7	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	0	119	106	49
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	0	119	106	49
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	—	27,717	3,080	—
Unrestricted	220,197	24,188	29,948	2,528
Total Net Assets	$ 220,197	$ 51,905	$ 33,028	$ 2,528

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 5,068	$ 107	$ 1,530	$ 3,170	$ 499	$ 72,913
—	—	—	—	183	183
—	2,206	656	5,404	177	8,452
1	—	—	—	—	2,428
230	—	—	—	—	14,273
—	1,237	1,148	69	—	2,454
—	—	—	—	—	20
—	45	—	—	15	60
—	16,643	1,046	—	64	17,753
5,299	20,238	4,380	8,643	938	118,536
—	—	—	—	—	1,337
460	—	—	—	—	227,563
—	—	—	—	—	394
—	—	—	—	—	60
—	5,486	—	8,819	32	14,337
—	30,094	2,025	—	117	32,236
—	6,190	2,338	1,100	104	9,752
—	495	—	—	—	495
—	(10,206)	(2,369)	(940)	(154)	(13,689)
0	32,059	1,994	8,979	99	43,131
460	32,059	1,994	8,979	99	272,485
5,759	52,297	6,374	17,622	1,037	391,021
—	8,684	706	1,673	107	11,370
2	9,866	96	4,085	—	14,116
—	—	—	1,468	—	1,475
—	872	45	—	—	917
2	19,422	847	7,226	107	27,878
—	20,490	1,145	—	—	21,635
0	20,490	1,145	0	0	21,635
2	39,912	1,992	7,226	107	49,513
—	11,658	804	8,979	99	21,540
—	—	—	—	—	30,797
5,757	727	3,578	1,417	831	289,171
$ 5,757	$ 12,385	$ 4,382	$ 10,396	$ 930	$ 341,508

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ —	$ —
Fees and Assessments	3	14	—	—
Interest on Notes/Mortgages	3,061	941	916	—
Miscellaneous	—	—	1	—
Total Operating Revenues	3,064	955	917	0
OPERATING EXPENSES				
Administration	—	—	236	87
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	817	—	—
Rentals and Leases	—	—	—	—
Maintenance	—	—	—	—
Depreciation	—	—	3	—
Supplies and Other Miscellaneous	44	374	7	7
Total Operating Expenses	44	1,191	246	94
Operating Income (Loss)	3,020	(236)	671	(94)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	968	196	119	59
Federal Grants	—	2,107	—	—
Tax Revenues	—	—	115	—
Interest Expense	—	—	—	—
Other Revenues (Expenses)	626	294	—	—
Total Nonoperating Revenues (Expenses)	1,594	2,597	234	59
Income (Loss) before Transfers	4,614	2,361	905	(35)
Transfers In	12,084	2,107	—	—
Transfers Out	(826)	—	(235)	—
Change in Net Assets	15,872	4,468	670	(35)
Net Assets – Beginning	204,325	47,437	32,358	2,563
Net Assets – Ending	$ 220,197	$ 51,905	$ 33,028	$ 2,528

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ —	$ 133,571	$ 11,683	$ 8,616	$ 40	$ 153,910
—	1,225	—	10	2,126	3,378
28	—	—	—	—	4,946
—	14	—	—	99	114
28	134,810	11,683	8,626	2,265	162,348
1	12,601	4,180	6,146	438	23,689
—	83,332	5,359	—	1,588	90,279
—	—	—	—	—	817
—	661	349	552	—	1,562
—	1,712	215	7	—	1,934
—	1,323	184	169	16	1,695
—	1,500	694	288	133	3,047
1	101,129	10,981	7,162	2,175	123,023
27	33,681	702	1,464	90	39,325
118	—	—	68	(8)	1,520
—	—	—	—	—	2,107
—	—	—	—	—	115
—	(618)	(65)	—	—	(683)
—	—	—	—	—	920
118	(618)	(65)	68	(8)	3,979
145	33,063	637	1,532	82	43,304
—	848	—	—	—	15,039
(129)	(34,491)	—	—	—	(35,681)
16	(580)	637	1,532	82	22,662
5,741	12,965	3,745	8,864	848	318,846
$ 5,757	$ 12,385	$ 4,382	$ 10,396	$ 930	$ 341,508

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 3,130	$ 808	$ 882	$ —
Receipts from Loan Maturities	9,826	1,525	3,796	27
Receipts from State Customers	—	—	6	20
Payments to Suppliers/Claims/Grants	—	(830)	(18)	(4)
Disbursements for Loans Receivable	(19,179)	(7,332)	(3,535)	(21)
Payments for Employee Services and Benefits	—	—	(199)	(38)
Payments to State Suppliers	(75)	(351)	(28)	—
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(6,298)	(6,180)	904	(16)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Grants and Other Revenues	626	2,449	—	—
Restricted Sales Tax	—	—	115	—
Transfers In from Other Funds	12,084	2,107	—	—
Transfers Out to Other Funds	(826)	—	(235)	—
Net Cash Provided (Used) by Noncapital Financing Activities	11,884	4,556	(120)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	968	196	119	59
Net Cash Provided (Used) by Investing Activities	968	196	119	59
Net Cash Provided (Used) – All Activities	6,554	(1,428)	903	43
Cash and Cash Equivalents – Beginning	39,913	9,097	5,045	2,412
Cash and Cash Equivalents – Ending	$ 46,467	$ 7,669	$ 5,948	$ 2,455

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 27	$ 159,435	$ 3,827	$ 8,185	$ 2,423	$ 178,717
237	—	—	—	—	15,411
—	—	8,242	—	—	8,268
(1)	(86,239)	(6,341)	(2,192)	(1,687)	(97,312)
(25)	—	—	—	—	(30,092)
—	(11,259)	(4,286)	(4,263)	(438)	(20,483)
—	(1,234)	(453)	1,136	—	(1,005)
—	(24,004)	—	—	—	(24,004)
238	36,699	989	2,866	298	29,500
—	7,271	—	—	—	7,271
—	(8,945)	—	—	—	(8,945)
—	—	—	—	—	3,075
—	—	—	—	—	115
—	—	—	—	—	14,191
(129)	(33,168)	—	—	—	(34,358)
(129)	(34,842)	0	0	0	(18,651)
—	9,367	117	—	—	9,484
—	(494)	(45)	—	—	(539)
—	(9,524)	(166)	(2,636)	(7)	(12,333)
—	(621)	(181)	—	—	(802)
—	742	—	—	—	742
—	(1,323)	—	—	—	(1,323)
0	(1,853)	(275)	(2,636)	(7)	(4,771)
118	—	—	68	8	1,536
118	0	0	68	8	1,536
227	4	714	298	299	7,614
4,841	103	816	2,872	200	65,299
$ 5,068	$ 107	$ 1,530	$ 3,170	$ 499	$ 72,913

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 3,020	$ (236)	$ 671	$ (94)
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	—	—	3	—
Miscellaneous Gains, Losses, and Other Items	—	—	—	6
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	—	—	5	20
Notes/Accrued Interest Receivables	(8,953)	(5,507)	134	6
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(365)	(437)	91	46
Deferred Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (6,298)	$ (6,180)	$ 904	$ (16)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ 60	$ 10	$ —	$ —
Total Noncash Investing, Capital, and Financing Activities	$ 60	$ 10	$ 0	$ 0

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 27	$ 33,681	$ 702	$ 1,464	$ 90	$ 39,325
—	1,323	184	169	16	1,695
—	111	—	980	—	1,097
—	(157)	386	(1,587)	134	(1,199)
209	—	—	468	—	(13,643)
—	(450)	(279)	—	(19)	(748)
—	(3)	—	—	(14)	(17)
2	2,194	(4)	1,674	91	3,292
—	—	—	(302)	—	(302)
$ 238	$ 36,699	$ 989	$ 2,866	$ 298	$ 29,500
$ —	$ —	$ —	$ —	$ —	$ 70
$ 0	$ 0	$ 0	$ 0	$ 0	$ 70

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Internal Service Funds

Information Technology Fund
This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

General Services Fund
This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

Fleet Operations Fund
This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

Risk Management Fund
This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management Fund
This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies.

State Debt Collection Fund
This fund provides a central collection process for the delinquent receivables of the State. It is funded through collection fees.

Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to state and local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

Combining Statement Of Net Assets
Internal Service Funds

June 30, 2003 (Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 2,168	$ 837	$ 440	$ 56,757
Receivables:				
Accounts, net	1,192	179	843	287
Due From Other Funds	5,041	2,150	3,350	344
Prepaid Items	1,086	—	—	430
Inventories	1,218	941	1,824	—
Total Current Assets	10,705	4,107	6,457	57,818
Noncurrent Assets:				
Interfund Loans Receivable	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Buildings and Improvements	5,617	941	1,729	—
Machinery and Equipment	70,097	10,131	103,153	188
Construction in Progress	1,532	—	—	—
Less Accumulated Depreciation	(60,887)	(6,651)	(42,357)	(106)
Total Capital Assets	16,376	4,421	62,525	82
Total Noncurrent Assets	16,376	4,421	62,525	82
Total Assets	27,081	8,528	68,982	57,900
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	4,861	1,186	1,693	848
Deposits	—	—	—	166
Due To Other Funds	173	207	342	4,812
Interfund Loans Payable	3,413	1,650	15,701	—
Deferred Revenue	38	16	—	1,095
Policy Claims Liabilities	—	—	—	10,860
Revenue Bonds Payable	—	—	40	—
Total Current Liabilities	8,485	3,059	17,776	17,781
Noncurrent Liabilities:				
Policy Claims Liabilities	—	—	—	32,799
Revenue Bonds Payable	—	—	970	—
Interfund Loans Payable	3,448	2,071	17,343	—
Total Noncurrent Liabilities	3,448	2,071	18,313	32,799
Total Liabilities	11,933	5,130	36,089	50,580
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	16,376	4,421	61,515	82
Restricted for:				
Insurance Programs	—	—	—	3,445
Loan Programs	—	—	—	—
Unrestricted (Deficit)	(1,228)	(1,023)	(28,622)	3,793
Total Net Assets	$ 15,148	$ 3,398	$ 32,893	$ 7,320

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 1,108	$ 704	$ —	$ 62,014
210	19	—	2,730
923	1	—	11,809
—	—	—	1,516
—	—	—	3,983
2,241	724	0	82,052
—	—	2,478	2,478
—	—	—	17
—	—	—	8,287
523	—	—	184,092
—	—	—	1,532
(409)	—	—	(110,410)
114	0	0	83,518
114	0	2,478	85,996
2,355	724	2,478	168,048
1,239	49	—	9,876
—	—	—	166
41	469	—	6,044
—	—	—	20,764
10	—	—	1,159
—	—	—	10,860
—	—	—	40
1,290	518	0	48,909
—	—	—	32,799
—	—	—	970
—	—	—	22,862
0	0	0	56,631
1,290	518	0	105,540
114	—	—	82,508
—	—	—	3,445
—	—	2,478	2,478
951	206	—	(25,923)
$ 1,065	$ 206	$ 2,478	$ 62,508

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Internal Service Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 53,150	$ 16,688	$ 42,281	$ 30,762
Miscellaneous	—	98	15	—
Total Operating Revenues	53,150	16,786	42,296	30,762
OPERATING EXPENSES				
Administration	20,911	2,840	2,734	1,719
Materials and Services for Resale	13,304	8,628	13,418	21,199
Grants	839	—	—	—
Rentals and Leases	283	1,797	2,021	26
Maintenance	797	937	7,995	1
Depreciation	7,237	1,532	13,343	27
Benefit Claims	—	—	—	5,674
Miscellaneous Other:				
Data Processing	9,768	43	141	57
Supplies	1,200	345	342	96
Utilities	1,299	42	105	31
Other	1,542	178	1,570	701
Total Operating Expenses	57,180	16,342	41,669	29,531
Operating Income (Loss)	(4,030)	444	627	1,231
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	1,469
Federal Grants	1,080	—	—	—
Gain (Loss) on Sale of Capital Assets	(742)	6	(1,266)	—
Interest Expense	—	—	(52)	—
Refunds Paid to Federal Government	—	—	(248)	(270)
Other Revenues (Expenses)	—	—	(669)	—
Total Nonoperating Revenues (Expenses)	338	6	(2,235)	1,199
Income (Loss) before Transfers	(3,692)	450	(1,608)	2,430
Transfers In	361	200	79	—
Transfers Out	(1,280)	(782)	(300)	(275)
Change in Net Assets	(4,611)	(132)	(1,829)	2,155
Net Assets – Beginning	19,759	3,530	34,722	5,165
Adjustments to Beginning Net Assets:				
Fund Reclassifed to Component Units	—	—	—	—
Net Assets – Beginning as Adjusted	19,759	3,530	34,722	5,165
Net Assets – Ending	$ 15,148	$ 3,398	$ 32,893	$ 7,320

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Reclassified to Component Units Public Employees Health Program	Total
$ 18,972	$ 1,244	$ —	$ —	$ 163,097
—	—	—	—	113
18,972	1,244	0	0	163,210
5,799	321	—	—	34,324
—	202	—	—	56,751
—	407	—	—	1,246
596	—	—	—	4,723
5,998	—	—	—	15,728
60	—	—	—	22,199
—	—	—	—	5,674
254	16	—	—	10,279
301	11	—	—	2,295
4,965	4	—	—	6,446
675	50	—	—	4,716
18,648	1,011	0	0	164,381
324	233	0	0	(1,171)
—	—	—	—	1,469
—	—	—	—	1,080
(7)	—	—	—	(2,009)
—	—	—	—	(52)
(3)	—	—	—	(521)
—	—	—	—	(669)
(10)	0	0	0	(702)
314	233	0	0	(1,873)
—	—	—	—	640
—	(667)	—	—	(3,304)
314	(434)	0	0	(4,537)
751	640	2,478	60,280	127,325
—	—	—	(60,280)	(60,280)
751	640	2,478	0	67,045
$ 1,065	$ 206	$ 2,478	$ 0	$ 62,508

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 2,974	$ 438	$ 11,802	$ 13,062
Receipts from State Customers	50,506	16,663	31,506	22,108
Payments to Suppliers/Claims/Grants	(22,328)	(8,152)	(5,567)	(32,545)
Payments for Employee Services and Benefits	(21,123)	(2,864)	(2,783)	(1,737)
Payments to State Suppliers	(5,744)	(3,604)	(20,683)	—
Net Cash Provided (Used) by Operating Activities	4,285	2,481	14,275	888
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments of Bonds, Notes, Deposits, and Refunds	—	—	(248)	(270)
Federal Grants and Other Revenues	1,080	—	—	—
Transfers In from Other Funds	361	200	—	—
Transfers Out to Other Funds	(1,280)	(782)	(300)	(275)
Net Cash Provided (Used) by Noncapital Financing Activities	161	(582)	(548)	(545)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	2,916	—	—	—
Repayments Under Interfund Loans	—	(765)	(3,243)	—
Proceeds from Disposition of Capital Assets	—	103	3,573	—
Principal Paid on Debt and Contract Maturities	—	—	(40)	—
Acquisition and Construction of Capital Assets	(6,835)	(1,432)	(13,731)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	(52)	—
Transfers In from Other Funds	—	—	79	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,919)	(2,094)	(13,414)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	1,469
Net Cash Provided (Used) by Investing Activities	0	0	0	1,469
Net Cash Provided (Used) – All Activities	527	(195)	313	1,812
Cash and Cash Equivalents – Beginning	1,641	1,032	127	54,945
Cash and Cash Equivalents – Ending	$ 2,168	$ 837	$ 440	$ 56,757

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 326	$ 3,345	$ —	$ 31,947
18,301	—	—	139,084
(11,507)	(230)	—	(80,329)
(5,912)	(331)	—	(34,750)
(1,351)	(2,512)	—	(33,894)
(143)	272	0	22,058
(3)	—	—	(521)
—	—	—	1,080
—	—	—	561
—	(667)	—	(3,304)
(3)	(667)	0	(2,184)
—	—	—	2,916
—	—	—	(4,008)
11	—	—	3,687
—	—	—	(40)
(6)	—	—	(22,004)
—	—	—	(52)
—	—	—	79
5	0	0	(19,422)
—	—	—	1,469
0	0	0	1,469
(141)	(395)	0	1,921
1,249	1,099	—	60,093
$ 1,108	$ 704	$ 0	$ 62,014

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (4,030)	$ 444	$ 627	$ 1,231
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	7,237	1,532	13,343	27
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	342	299	1,073	175
Notes/Accrued Interest Receivables	91	—	—	—
Inventories	375	57	(308)	—
Prepaid Items	(193)	—	—	1,052
Accrued Liabilities/Due to Other Funds	566	133	(399)	3,315
Deferred Revenue/Deposits	(103)	16	(61)	(1,757)
Policy Claims Liabilities	—	—	—	(3,155)
Net Cash Provided (Used) by Operating Activities	$ 4,285	$ 2,481	$ 14,275	$ 888
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 80
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 80

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 324	$ 233	$ —	$ (1,171)
60	—	—	22,199
(346)	7	—	1,550
—	—	—	91
—	—	—	124
—	—	—	859
(182)	32	—	3,465
1	—	—	(1,904)
—	—	—	(3,155)
$ (143)	$ 272	$ 0	$ 22,058
$ —	$ —	$ —	$ 80
$ 0	$ 0	$ 0	$ 80

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DEFINED BENEFIT PENSION PLANS AND OTHER PENSION TRUST FUNDS

These funds are used to account for the various pension funds and deferred compensation trust funds administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Nation Trust
This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of members of the Utah Chapters of the Navajo Nation.

Employers' Reinsurance Trust
This fund provides compensation to individuals injured on the job where an employer is not insured, or when an injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

Unclaimed Property Trust
This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Uniform School Fund and are used to fund public education.

Petroleum Storage Tank Trust
This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Education Savings Plan Trust
This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust
This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security
This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections
This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts
This fund receives and disburses various fines and forfeitures collected by the State Courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous
This fund is made up of small individual funds set up to account for various receipts and disbursements.

Combining Statement Of Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds

June 30, 2003 (Expressed in Thousands)

	Pension Trust			
	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System
ASSETS				
Cash and Cash Equivalents	$ 46,749	$ 592,051	$ 73,388	$ 30,134
Receivables:				
Member Contributions	404	—	170	201
Employer Contributions	367	17,544	1,603	1
Court Fees and Fire Insurance Premiums	—	—	—	—
Investments	8,006	101,359	12,566	5,160
Total Receivables	8,777	118,903	14,339	5,362
Investments:				
Debt Securities	168,725	2,136,006	264,812	108,759
Equity Investments	399,834	5,061,783	627,543	257,733
Venture Capital	47,649	603,219	74,785	30,715
Real Estate	70,276	889,679	110,300	45,301
Mortgage Loans	249	3,154	392	161
Invested Securities Lending Collateral	85,494	1,082,326	134,183	55,110
Investment Contracts	—	—	—	—
Total Investments	772,227	9,776,167	1,212,015	497,779
Capital Assets:				
Land	111	1,408	175	72
Buildings and Improvements	671	8,481	1,051	433
Machinery and Equipment	186	2,354	292	120
Less Accumulated Depreciation	(647)	(8,185)	(1,015)	(418)
Total Pension Capital Assets	321	4,058	503	207
Total Assets	828,074	10,491,179	1,300,245	533,482
LIABILITIES				
Accounts Payable	19,057	241,509	29,910	12,285
Securities Lending Liability	85,494	1,082,326	134,183	55,110
Leave/Postemployment Benefits	100	1,262	156	64
Insurance Reserves	2,698	34,162	4,237	1,740
Mortgages Payable	4,593	58,154	7,210	2,960
Total Liabilities	111,942	1,417,413	175,696	72,159
NET ASSETS				
Held in trust for:				
Pension Benefits	716,132	9,073,766	1,124,549	461,323
Deferred Compensation	—	—	—	—
Total Net Assets	$ 716,132	$ 9,073,766	$ 1,124,549	$ 461,323

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
$ 4,930	$ 585	$ 1,406	$ 60	$ 749,303
—	—	—	—	775
310	—	—	—	19,825
21	—	—	—	21
844	100	26,813	—	154,848
1,175	100	26,813	0	175,469
17,788	2,106	568,585	71,544	3,338,325
42,155	4,992	682,792	78,152	7,154,984
5,024	595	—	—	761,987
7,409	877	—	—	1,123,842
26	3	—	—	3,985
9,014	1,067	45,934	5,444	1,418,572
—	—	35,115	21,920	57,035
81,416	9,640	1,332,426	177,060	13,858,730
12	1	—	—	1,779
71	8	—	—	10,715
20	2	—	—	2,974
(69)	(7)	—	—	(10,341)
34	4	0	0	5,127
87,555	10,329	1,360,645	177,120	14,788,629
2,008	237	1,947	115	307,068
9,014	1,067	45,934	5,444	1,418,572
11	1	—	—	1,594
284	34	—	—	43,155
485	58	—	—	73,460
11,802	1,397	47,881	5,559	1,843,849
75,753	8,932	—	—	11,460,455
—	—	1,312,764	171,561	1,484,325
$ 75,753	$ 8,932	$ 1,312,764	$ 171,561	$ 12,944,780

Combining Statement Of Changes In Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Pension Trust			
	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System
ADDITIONS				
Contributions:				
Member	$ 8,923	$ 12,496	$ 4,258	$ 5,800
Employer	6,735	291,256	42,264	—
Court Fees and Fire Insurance Premiums	—	—	—	9,454
Total Contributions	15,658	303,752	46,522	15,254
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(86,520)	(1,062,312)	(131,715)	(54,129)
Interest, Dividends, and Other Investment Income	23,798	292,185	36,227	14,888
Less Investment Expenses	(1,529)	(18,779)	(2,328)	(957)
Net Investment Income	(64,251)	(788,906)	(97,816)	(40,198)
Transfers From Affiliated Systems	—	12,166	1,956	735
Total Additions	(48,593)	(472,988)	(49,338)	(24,209)
DEDUCTIONS				
Retirement Benefits	37,256	294,735	45,588	17,314
Cost of Living Benefits	20,292	53,495	7,689	4,223
Supplemental Retirement Benefits	1,949	—	685	751
Refunds/Plan Distributions	3,716	3,715	1,155	422
Administrative Expenses	624	7,103	899	323
Transfers To Affiliated Systems	15,420	—	—	—
Total Deductions	79,257	359,048	56,016	23,033
Change in Net Assets Held in Trust for:				
Pension Benefits	(127,850)	(832,036)	(105,354)	(47,242)
Deferred Compensation	—	—	—	—
Net Assets – Beginning	843,982	9,905,802	1,229,903	508,565
Net Assets – Ending	$ 716,132	$ 9,073,766	$ 1,124,549	$ 461,323

Pension Trust		Deferred Compensation		
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Total
$ 5	$ —	$ 160,267	$ 10,353	$ 202,102
472	—	—	—	340,727
2,381	—	—	—	11,835
2,858	0	160,267	10,353	554,664
(8,839)	(1,086)	(112,316)	(14,530)	(1,471,447)
2,431	299	4,018	1,369	375,215
(156)	(19)	(1,492)	(164)	(25,424)
(6,564)	(806)	(109,790)	(13,325)	(1,121,656)
560	3	—	—	15,420
(3,146)	(803)	50,477	(2,972)	(551,572)
3,009	556	—	—	398,458
795	152	—	—	86,646
—	—	—	—	3,385
—	—	63,908	24,498	97,414
57	5	3,850	487	13,348
—	—	—	—	15,420
3,861	713	67,758	24,985	614,671
(7,007)	(1,516)	—	—	(1,121,005)
—	—	(17,281)	(27,957)	(45,238)
82,760	10,448	1,330,045	199,518	14,111,023
$ 75,753	$ 8,932	$ 1,312,764	$ 171,561	$ 12,944,780

Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2003 (Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 23	$ —	$ 14,018	$ 396
Investments	14,695	15,285	29,313	16,162
Receivables:				
Accounts	1,974	—	2,854	18
Accrued Assessments	—	—	8,563	—
Due From Other Funds	86	15	19	—
Land	247	—	—	—
Buildings and Improvements	4,493	—	—	—
Machinery and Equipment	198	—	—	—
Less Accumulated Depreciation	(978)	—	—	—
Total Assets	20,738	15,300	54,767	16,576
LIABILITIES				
Accounts Payable	128	6	137	111
Due To Other Funds	65	2	—	6
Deferred Revenue	23	—	—	314
Policy Claims Liabilities	—	—	299,908	74,374
Total Liabilities	216	8	300,045	74,805
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	20,522	15,292	(245,278)	(58,229)
Total Net Assets	$ 20,522	$ 15,292	$ (245,278)	$ (58,229)

Utah Education Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,202	$ 12,322	$ 27,961
432,087	4,092	511,634
—	266	5,112
—	—	8,563
—	263	383
—	—	247
—	—	4,493
—	—	198
—	—	(978)
433,289	16,943	557,613
169	106	657
—	6,908	6,981
—	—	337
—	—	374,282
169	7,014	382,257
433,120	9,929	175,356
$ 433,120	$ 9,929	$ 175,356

Combining Statement Of Changes In Fiduciary Net Assets
Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	60	23	116	84
Interest, Dividends, and Other Investment Income	300	92	413	391
Total Investment Income	360	115	529	475
Other Additions:				
Escheats	—	10,355	—	—
Royalties and Rents	2,205	—	—	—
Fees, Assessments, and Revenues	—	—	38,846	3,744
Miscellaneous	—	—	1,000	—
Receipts from Primary Government	—	—	—	—
Total Other	2,205	10,355	39,846	3,744
Total Additions	2,565	10,470	40,375	4,219
DEDUCTIONS				
Trust Operating Expenses	996	—	—	525
Distributions and Benefit Payments	—	9,461	17,714	—
Administrative and General Expenses	1,719	1,160	1,297	1,205
Total Deductions	2,715	10,621	19,011	1,730
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	(150)	(151)	21,364	2,489
Net Assets – Beginning	20,672	15,443	(266,642)	(60,718)
Net Assets – Ending	$ 20,522	$ 15,292	$ (245,278)	$ (58,229)

Utah Education Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 202,649	$ 4,248	$ 206,897
202,649	4,248	206,897
12,897	22	13,202
6,650	141	7,987
19,547	163	21,189
—	—	10,355
—	—	2,205
—	24,125	66,715
1,289	3,720	6,009
—	3,200	3,200
1,289	31,045	88,484
223,485	35,456	316,570
—	30,741	32,262
11,092	4,149	42,416
—	1,488	6,869
11,092	36,378	81,547
212,393	(922)	235,023
220,727	10,851	(59,667)
$ 433,120	$ 9,929	$ 175,356

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 7	$ 55,140	$ 21,873	$ 7,186	$ 84,206
Investments	—	102	—	12,172	12,274
Accounts Receivable	—	26	—	—	26
Due From Other Funds	—	—	—	155	155
Total Assets	$ 7	$ 55,268	$ 21,873	$ 19,513	$ 96,661
LIABILITIES					
Due To Other Individuals or Groups	$ —	$ 1,542	$ 21,347	$ 5,308	$ 28,197
Due To Other Taxing Units	7	53,726	526	14,205	68,464
Total Liabilities	$ 7	$ 55,268	$ 21,873	$ 19,513	$ 96,661

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 53	$ 193,496	$ 193,542	$ 7
Total Assets	$ 53	$ 193,496	$ 193,542	$ 7
Liabilities				
Due To Other Taxing Units	$ 53	$ 193,496	$ 193,542	$ 7
Total Liabilities	$ 53	$ 193,496	$ 193,542	$ 7
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 29,095	$ 885,665	$ 859,620	$ 55,140
Investments	68	2,284	2,250	102
Accounts Receivable	—	26	—	26
Due From Other Funds	4,404	2,004	6,408	—
Total Assets	$ 33,567	$ 889,979	$ 868,278	$ 55,268
Liabilities				
Due To Other Individuals or Groups	$ 898	$ 18,171	$ 17,527	$ 1,542
Due To Other Taxing Units	32,669	863,089	842,032	53,726
Total Liabilities	$ 33,567	$ 881,260	$ 859,559	$ 55,268
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 23,373	$ 29,130	$ 30,630	$ 21,873
Total Assets	$ 23,373	$ 29,130	$ 30,630	$ 21,873
Liabilities				
Due To Other Individuals or Groups	$ 22,845	$ 25,089	$ 26,587	$ 21,347
Due To Other Taxing Units	528	4,041	4,043	526
Total Liabilities	$ 23,373	$ 29,130	$ 30,630	$ 21,873
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 7,236	$ 370,193	$ 370,243	$ 7,186
Investments	9,779	58,974	56,581	12,172
Accounts Receivable	16	—	16	—
Due From Other Funds	206	35,987	36,038	155
Total Assets	$ 17,237	$ 465,154	$ 462,878	$ 19,513
Liabilities				
Due To Other Individuals or Groups	$ 5,458	$ 286,373	$ 286,523	$ 5,308
Due To Other Taxing Units	11,779	83,904	81,478	14,205
Total Liabilities	$ 17,237	$ 370,277	$ 368,001	$ 19,513
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 59,757	$ 1,478,484	$ 1,454,035	$ 84,206
Investments	9,847	61,258	58,831	12,274
Accounts Receivable	16	26	16	26
Due From Other Funds	4,610	37,991	42,446	155
Total Assets	$ 74,230	$ 1,577,759	$ 1,555,328	$ 96,661
Liabilities				
Due To Other Individuals or Groups	$ 29,201	$ 329,633	$ 330,637	$ 28,197
Due To Other Taxing Units	45,029	1,144,530	1,121,095	68,464
Total Liabilities	$ 74,230	$ 1,474,163	$ 1,451,732	$ 96,661

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Nonmajor Component Units

Comprehensive Health Insurance Pool
The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with appropriations from the General Fund.

Heber Valley Historic Railroad Authority
The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation
The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Utah Science Center Authority
The Authority was created to provide a means to foster the development of science, arts, tourism, cultural, and educational facilities in order to further the welfare of the citizens of the State and its economic growth. The Authority currently functions as an advisory board to other organizations and is not expected to have any financial activity in the future.

Technology Finance Corporation
The Corporation assists in the development and growth of small businesses throughout the State of Utah. The Legislature did not reauthorize the Corporation's existence and the Corporation transferred its remaining liquidation proceeds to the State before the Corporation's final dissolution on June 30, 2003.

Colleges and Universities
The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University
Southern Utah University
Salt Lake Community College
Utah Valley State College
Dixie State College of Utah
College of Eastern Utah
Snow College
College of Applied Technology

Combining Statement Of Net Assets
Nonmajor Component Units

June 30, 2003 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Utah Science Center Authority	Technology Finance Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 8,875	$ —	$ 855	$ 7	$ —
Investments	—	—	—	—	—
Receivables:					
Accounts, net	94	30	31	—	—
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Component Units	—	—	—	—	—
Prepaid Items	—	—	16	—	—
Inventories	—	33	—	—	—
Deferred Charges	—	—	—	—	—
Total Current Assets	8,969	63	902	7	0
Noncurrent Assets:					
Restricted Investments	—	—	—	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	2,011	911	—	—
Total Noncurrent Assets	0	2,011	911	0	0
Total Assets	8,969	2,074	1,813	7	0
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	856	126	134	7	—
Deposits	—	—	—	—	—
Due To Primary Government	—	—	—	—	—
Deferred Revenue	495	—	95	—	—
Policy Claims Liabilities	2,660	—	—	—	—
Current Portion of Long-term Liabilities	—	112	—	—	—
Total Current Liabilities	4,011	238	229	7	0
Noncurrent Liabilities:					
Accrued Liabilities	—	—	8	—	—
Deposits	—	—	—	—	—
Long-term Liabilities	—	297	—	—	—
Total Noncurrent Liabilities	0	297	8	0	0
Total Liabilities	4,011	535	237	7	0
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	1,602	911	—	—
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	30	—	—
Unrestricted (Deficit)	4,958	(63)	635	—	—
Total Net Assets	$ 4,958	$ 1,539	$ 1,576	$ 0	$ 0

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College	College of Eastern Utah	Snow College	College of Applied Technology	Total Nonmajor Component Units
$ 38,379	$ 15,040	$ 33,338	$ 28,071	$ 13,674	$ 142	$ 4,809	$ 8,792	$ 151,982
1,509	114	11,639	613	3,337	—	305	1,882	19,399
3,042	1,490	7,491	4,053	716	1,624	552	4,006	23,129
1,469	621	657	273	250	38	128	—	3,436
222	—	—	—	—	12	—	—	234
—	—	—	—	—	—	—	—	—
117	2,940	34	866	—	59	523	119	4,674
1,766	1,008	1,809	1,584	661	430	9	676	7,976
338	—	—	—	—	—	—	—	338
46,842	21,213	54,968	35,460	18,638	2,305	6,326	15,475	211,168
30,286	13,952	6,217	5,648	11,985	11,523	6,271	—	85,882
—	—	—	—	—	—	403	—	403
16,743	5,243	1,858	4,646	—	605	2,465	—	31,560
7,018	1,980	3,714	1,552	3,245	241	723	—	18,473
—	—	1,678	14,686	627	—	—	—	16,991
119,791	89,407	141,674	116,363	52,552	31,071	61,359	62,566	677,705
173,838	110,582	155,141	142,895	68,409	43,440	71,221	62,566	831,014
220,680	131,795	210,109	178,355	87,047	45,745	77,547	78,041	1,042,182
3,973	1,904	5,517	4,007	898	991	450	2,841	21,704
—	215	—	1,350	481	—	283	79	2,408
226	477	530	448	449	1,575	554	4	4,263
3,418	3,931	4,711	2,547	39	225	288	1,031	16,780
—	—	—	—	—	—	—	—	2,660
3,523	2,392	3,634	3,937	1,246	557	338	489	16,228
11,140	8,919	14,392	12,289	3,113	3,348	1,913	4,444	64,043
85	201	1,723	—	—	134	—	15	2,166
273	—	614	—	—	84	78	—	1,049
19,169	17,417	17,341	21,145	10,513	4,625	3,471	3,728	97,706
19,527	17,618	19,678	21,145	10,513	4,843	3,549	3,743	100,921
30,667	26,537	34,070	33,434	13,626	8,191	5,462	8,187	164,964
101,460	81,526	129,186	96,426	42,922	25,485	58,377	61,169	599,064
27,494	4,203	2,726	5,648	11,317	1,792	3,020	182	56,382
35,800	10,320	10,265	23,685	4,954	10,105	7,023	1,645	103,797
—	—	—	—	7,328	—	—	—	7,358
25,259	9,209	33,862	19,162	6,900	172	3,665	6,858	110,617
$ 190,013	$ 105,258	$ 176,039	$ 144,921	$ 73,421	$ 37,554	$ 72,085	$ 69,854	$ 877,218

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2003 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Utah Science Center Authority	Technology Finance Corporation
Expenses	$ 17,428	$ 1,067	$ 3,690	$ 16	$ 617
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	9,346	912	2,419	10	304
Operating Grants and Contributions	—	—	56	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	9,346	912	2,475	10	304
Net (Expenses) Revenues	(8,082)	(155)	(1,215)	(6)	(313)
General Revenues:					
State Appropriations	2,916	—	343	—	—
Unrestricted Investment Income	282	—	—	—	2
Permanent Endowments Contributions	—	—	—	—	—
Special Item: Technology Finance Corporation Liquidation Transfers	—	—	—	—	(2,685)
Total General Revenues and Special Item	3,198	0	343	0	(2,683)
Change in Net Assets	(4,884)	(155)	(872)	(6)	(2,996)
Net Assets – Beginning	9,842	1,694	2,448	6	2,996
Net Assets – Ending	$ 4,958	$ 1,539	$ 1,576	$ 0	$ 0

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College	College of Eastern Utah	Snow College	College of Applied Technology	Total Nonmajor Component Units
$ 131,283	$ 73,179	$ 120,256	$ 155,557	$ 36,660	$ 25,135	$ 29,118	$ 56,654	$ 650,660
50,478	14,809	42,174	55,970	10,313	4,113	5,419	4,887	188,163
(10,347)	(4,633)	(6,490)	(5,491)	(2,856)	(2,171)	(2,387)	(276)	(34,651)
12,864	14,419	11,445	19,378	4,423	2,982	3,651	7,503	89,656
24,113	14,907	22,849	42,202	8,066	7,618	4,140	9,581	133,532
1,486	1,871	3,305	3,258	723	230	1,173	2,623	14,669
78,594	41,373	73,283	115,317	20,669	12,772	11,996	24,318	391,369
(52,689)	(31,806)	(46,973)	(40,240)	(15,991)	(12,363)	(17,122)	(32,336)	(259,291)
55,179	26,476	53,879	40,258	16,092	11,795	15,628	36,373	258,939
—	—	—	—	—	—	359	66	709
3,432	452		—	1,448	26	—	—	5,358
—	—	—	—	—	—	—	—	(2,685)
58,611	26,928	53,879	40,258	17,540	11,821	15,987	36,439	262,321
5,922	(4,878)	6,906	18	1,549	(542)	(1,135)	4,103	3,030
184,091	110,136	169,133	144,903	71,872	38,096	73,220	65,751	874,188
$ 190,013	$ 105,258	$ 176,039	$ 144,921	$ 73,421	$ 37,554	$ 72,085	$ 69,854	$ 877,218

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State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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STATISTICAL SECTION

State Of Utah

General Governmental Expenditures and Other Uses by Function

For the Last Ten Fiscal Years (Expressed in Thousands)

Function	Fiscal Year Ended June 30									
	1994	1995	1996	1997	1998	1999	2000	2001 (A)	2002 (B)	2003 (B)
General Government and Courts	$ 229,222	$ 225,427	$ 234,251	$ 248,918	$ 230,030	$ 249,337	$ 248,301	$ 256,505	$ 287,024	$ 269,450
Business, Labor, and Agriculture	32,175	34,550	36,307	39,107	42,423	44,474	46,555	49,672	63,940	66,382
Community and Economic Development	68,063	71,883	82,585	84,384	72,847	75,602	77,305	83,526	91,014	91,986
Higher Education	374,758	409,083	432,816	464,202	475,817	507,890	531,364	569,722	652,992	632,368
Natural Resources	72,647	78,440	86,899	91,656	88,529	90,794	97,586	104,859	121,072	134,247
Human Services, Corrections, Health, and Environmental Quality	1,205,796	1,296,189	1,394,764	1,480,616	1,289,255	1,405,485	1,501,552	1,613,869	1,775,052	1,888,105
Employment and Family Services (C)	—	—	—	—	285,602	302,665	285,517	286,304	321,154	363,116
Public Education	1,217,741	1,299,052	1,476,565	1,651,282	1,676,668	1,776,912	1,824,162	1,949,959	1,998,450	1,979,880
Transportation and Public Safety	479,552	497,068	546,650	669,014	1,126,225	1,078,923	999,684	998,107	999,332	882,151
Capital Outlay	148,889	177,937	207,418	182,129	200,912	190,496	191,819	153,126	112,569	205,861
Leave/Postemployment Benefits (D)	7,358	35,233	18,562	31,659	21,565	23,886	17,573	9,186	—	—
Debt Service	77,304	86,572	94,426	100,651	131,075	153,540	158,274	158,886	175,188	189,020
Total Expenditures All Governmental Fund Types	$3,913,505	$4,211,434	$4,611,243	$5,043,618	$5,640,948	$5,900,004	$5,979,692	$6,233,721	$6,597,787	$6,702,566

(A) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, and Rural Development Fund), Capital Projects Fund, and Debt Service Fund. General Fund appropriations to the colleges and universities reported as transfers in the financial statements were also included in Higher Education expenditures.

(B) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.

(C) The Department of Workforce Services was created in the fiscal year ended June 30, 1998, to operate the integrated Employment and Family Services function for the State. The Employment and Family Services function was previously reported on this schedule in the functions of General Government, Community and Economic Development, and Human Services.

(D) For fiscal year 2002 and after, Leave/Postemployment expenditures are not reported in the governmental funds financial statements due to the implementation of GASB Statement 34.

General Governmental Revenues by Source and Liquor Control Profit Transfer

For the Last Ten Fiscal Years (Expressed in Thousands)

Revenue Source	Fiscal Year Ended June 30									
	1994	1995	1996	1997	1998	1999	2000	2001 (A)	2002 (B)	2003 (B)
Taxes:										
Sales and Use Tax	$ 984,287	$1,061,870	$1,170,120	$1,259,961	$1,287,849	$1,351,332	$1,400,962	$1,465,301	$1,473,479	$1,481,823
Individual Income Tax	925,004	1,026,803	1,139,080	1,237,332	1,377,494	1,463,897	1,654,949	1,712,676	1,584,546	1,587,520
Corporate Tax	125,191	157,901	176,781	191,991	196,275	192,221	186,936	183,141	124,561	161,129
Motor and Special Fuel Tax	187,377	196,422	206,904	214,758	290,086	298,390	314,164	310,000	321,682	321,370
Other Taxes	139,819	174,608	145,077	133,063	203,667	150,677	234,442	208,748	201,583	213,618
Total Taxes	2,361,678	2,617,604	2,837,962	3,037,105	3,355,371	3,456,517	3,791,453	3,879,866	3,705,851	3,765,460
Other Revenues:										
Federal Contracts and Grants	1,141,711	1,193,140	1,266,632	1,315,279	1,382,748	1,543,186	1,575,608	1,708,087	1,856,477	2,049,922
Charges for Services	152,564	158,454	149,868	163,763	174,228	206,420	217,621	236,986	222,669	211,756
Licenses, Permits, and Fees	62,561	65,529	67,512	64,486	83,994	87,848	92,300	91,875	107,201	110,315
Federal Mineral Lease	33,335	29,054	34,718	34,111	33,485	28,962	34,957	49,566	30,527	47,307
Federal Aeronautics	37,034	49,701	35,122	24,890	22,762	18,737	26,859	33,386	31,026	18,791
Intergovernmental	31,564	20,740	46,602	38,731	72,366	42,526	80,431	35,225	7,611	8,463
Investment Income	21,020	34,906	39,926	39,404	61,782	58,055	55,804	65,068	31,240	29,418
Miscellaneous and Other	54,613	52,987	67,983	80,131	86,168	89,604	119,189	112,970	176,895	193,448
Total Revenues	3,896,080	4,222,115	4,546,325	4,797,900	5,272,904	5,531,855	5,994,222	6,213,029	6,169,497	6,434,880
Liquor Control Profit Transfer	17,893	20,080	22,155	24,312	26,297	26,959	28,659	30,253	32,541	33,063
Total Revenues and Liquor Control Profit Transfer	$3,913,973	$4,242,195	$4,568,480	$4,822,212	$5,299,201	$5,558,814	$6,022,881	$6,243,282	$6,202,038	$6,467,943

(A) Prior to fiscal year 2002, this summary includes revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.

State Of Utah

General Obligation Bonds

Article XIV, Section 1, of the Utah Constitution limits the State to a total general obligation debt not to exceed 1.5 percent of the fair market value of the taxable property of the State. Using the latest valuation made in 2002, the debt limit of the State at June 30, 2003, was $2.562 billion. During the fiscal year ended June 30, 2003, the State issued $253.1 million Series 2002 B to advance refund portions of the 1997 E, 1997 F and 1998A general obligation bonds. The State also issued $407.4 million Series 2003A to refund $150 million of variable rate debt and provide $161 million and $155 million for highway and building construction, respectively. The State's total general obligation debt outstanding at June 30, 2003, is $1.714 billion. Therefore under the law, the State has $848 million of additional borrowing capacity at June 30, 2003.

		(Expressed in Thousands)	
	Maturity Dates	Original Issues	Outstanding June 30, 2003
1997 A–E Highway/Capital Facility Issue	2001–2007	$ 200,000	$ 80,375
1997 F Highway Issue	2001–2007	$ 205,000	78,375
1998 A Highway/Capital Facility Issue	2001–2008	$ 265,000	122,225
1999 E Capital Facility Issue	2004	$ 38,000	38,000
2001 A Capital Facility Issue	2004	$ 15,000	15,000
2001 B Highway/Capital Facility Issue	2004–2014	$ 348,000	348,000
2002 A Highway/Capital Facility Issue	2003–2015	$ 281,200	281,200
2002 B Refunding Issue	2004–2012	$ 253,100	253,100
2003 A Highway/Capital Facility Issue	2005–2016	$ 407,405	407,405
Total General Obligation Bonds Outstanding			1,623,680
Plus Unamortized Premiums			104,113
Less Deferred Amount on Refunding			(14,038)
Total General Obligation Bonds Payable			$1,713,755

Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years

		(Expressed in Thousands)							
Fiscal Year	Population	Fair Market Value	Gross Bonded Debt	Debt Service Moneys Available	Debt Payable From Enterprise Revenues	Debt Payable From Component Revenues	Net Bonded Debt (A)	Ratio of Net Bonded Debt to Fair Market Value	Net Bonded Debt Per Capita
1994	1,947,000	$ 70,117,209	$ 2,086,020	$ 6,898	$ 410,970	$ 1,218,329	$ 449,823	0.64%	$ 231
1995	1,995,000	$ 77,099,869	$ 2,047,901	$ 8,881	$ 434,490	$ 1,096,056	$ 508,474	0.66%	$ 255
1996	2,043,000	$ 99,224,437	$ 2,425,271	$ 13,493	$ 551,015	$ 1,285,186	$ 575,577	0.58%	$ 282
1997	2,099,000	$ 111,599,469	$ 2,380,548	$ 13,891	$ 604,065	$ 1,178,953	$ 583,639	0.52%	$ 278
1998	2,142,000	$ 125,780,622	$ 3,359,985	$ 7,567	$ 625,455	$ 1,307,930	$ 1,419,033	1.13%	$ 662
1999	2,193,000	$ 134,600,515	$ 3,694,340	$ 8,124	$ 804,968	$ 1,374,679	$ 1,506,569	1.12%	$ 687
2000	2,247,000	$ 142,192,158	$ 3,764,487	$ 8,757	$ 881,285	$ 1,412,042	$ 1,462,403	1.03%	$ 651
2001	2,296,000	$ 152,329,350	$ 3,891,193	$ 11,475	$ 1,044,305	$ 1,453,935	$ 1,381,478	0.91%	$ 602
2002	2,339,000	$ 163,185,739	$ 4,673,706	$ 22,882	$ 1,254,587	$ 1,574,699	$ 1,821,538	1.12%	$ 779
2003	2,378,000	$ 170,775,938	$ 5,038,806	$ 16,004	$ 1,336,211	$ 1,653,981	$ 2,032,610	1.19%	$ 855

(A) Includes general obligation bonds plus revenue bonds whose repayment is funded through governmental fund type operations or appropriations.

Calculation of Legal Debt Limits

For the Last Ten Fiscal Years (Expressed in Millions)

	Fiscal Year Ended June 30									
	1994	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Taxable Property Value (**A**)	$ 60,481	$ 65,239	$ 74,284	$ 83,149	$ 93,278	$ 99,917	$ 105,149	$ 112,218	$ 120,332	$ 125,437
Fair Market Value (A)	70,117	77,100	99,224	111,599	125,781	134,601	142,192	152,329	163,186	170,776
Debt Limit (Fair Market Value times 1.5%)	1,052	1,156	1,488	1,674	1,886	2,019	2,133	2,285	2,448	2,562
Net General Obligation Bonded Debt (**B**)	(394)	(431)	(413)	(367)	(1,202)	(1,252)	(1,212)	(1,146)	(1,498)	(1,714)
Additional General Obligation Debt Incurring Capacity	$ 658	$ 725	$ 1,075	$ 1,307	$ 684	$ 767	$ 921	$ 1,139	$ 950	$ 848

(A) Source: Utah State Tax Commission (*Final Values* for the preceding calendar yearend)
(B) Amounts prior to fiscal year 2002 only include the par amount of bonds. Premiums and discounts prior to fiscal year 2002 were immaterial.

Statutory Debt Limit

The statutory debt limit was first enacted in 1989 and is 20 percent of the appropriations limit. The Legislature has exempted $1.02 billion of Highway Construction Bonds from the statutory bonding debt limit. At June 30, 2003, the statutory debt limit was (expressed in thousands):

	Calculated Using The Fiscal Year 2004 Appropriations Limitation	**Calculated Using The Fiscal Year 2003 Appropriations Limitation**
Appropriations Limitation	$ 4,305,759	$ 4,150,684
	20%	20%
Statutory Debt Limit	861,152	830,137
Outstanding General Obligation Debt	(693,706)	(693,706)
Additional General Obligation Debt Incurring Capacity	$ 167,446	$ 136,431

Net General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	1994	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Net General Obligation Bonded Debt Per Capita	$ 202.53	$ 215.82	$ 202.24	$ 174.92	$ 561.30	$ 570.69	$ 539.53	$ 499.13	$ 640.60	$ 720.67

Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures

For the Last Ten Fiscal Years (Expressed in Millions)

	Fiscal Year Ended June 30									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
General Fund Expenditures (**A**)	$ 2,037	$ 2,214	$ 2,359	$ 2,514	$ 2,591	$ 2,795	$ 2,902	$ 3,088	$ 3,412	$ 3,519
Debt Service Expenditures	$ 77	$ 87	$ 94	$ 101	$ 131	$ 154	$ 158	$ 159	$ 175	$ 189
Ratio Debt Service to General Fund Expenditures	3.78%	3.93%	3.98%	4.02%	5.06%	5.51%	5.44%	5.15%	5.13%	5.37%
Total All Governmental Funds Expenditures	$ 3,914	$ 4,211	$ 4,611	$ 5,044	$ 5,641	$ 5,900	$ 5,980	$ 6,234	$ 6,598	$ 6,703
Ratio Debt Service Expenditures to All Governmental Funds Expenditures	1.97%	2.07%	2.04%	2.00%	2.32%	2.61%	2.64%	2.55%	2.65%	2.82%

(A) Includes payments to Higher Education.

Enterprise Funds Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses (B)	Net Revenue Available For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1994	$ 30,632	$ 4,644	$ 25,988	$ 19,670	$ 22,331	$ 42,001	0.62
1995	$ 117,795	$ 65,928	$ 51,867	$ 22,175	$ 24,489	$ 46,664	1.11
1996	$ 132,945	$ 74,285	$ 58,660	$ 35,940	$ 27,123	$ 63,063	0.93
1997	$ 147,167	$ 86,977	$ 60,190	$ 21,360	$ 28,887	$ 50,247	1.20
1998	$ 161,547	$ 91,829	$ 69,718	$ 73,660	$ 32,384	$ 106,044	0.66
1999	$ 169,831	$ 102,415	$ 67,416	$ 20,670	$ 34,480	$ 55,150	1.22
2000	$ 203,482	$ 120,313	$ 83,169	$ 51,177	$ 43,639	$ 94,816	0.88
2001	$ 217,129	$ 128,562	$ 88,567	$ 95,482	$ 48,575	$ 144,057	0.61
2002	$ 227,458	$ 139,840	$ 87,618	$ 12,562	$ 30,446	$ 43,008	2.04
2003	$ 225,029	$ 160,692	$ 64,337	$ 38,122	$ 24,391	$ 62,513	1.03

Fiscal year 1994 enterprise funds revenue bond coverage included only bonds from the Student Assistance Programs. Alcoholic Beverage Control revenue bonds were included along with the Student Assistance Programs, beginning in fiscal year 1995. Utah Correctional Industries revenue bonds were included, beginning in fiscal year 2000 and in fiscal year 2002, the Water Loan Program bonds were added to the other enterprise funds.

(B) Does not include interest expense.

Revenue Bonds

In addition to general obligation debt, several issues of revenue bonds were outstanding at June 30, 2003.

The Utah Housing Corporation issued mortgage purchase bonds to provide adequate sources of capital for housing for low and moderate income families. The bonds, totaling $1.292 billion at June 30, 2003, are to be repaid from mortgage payments.

The Board of Regents issued Student Loan bonds to make loans to eligible students. The bonds are repaid from student loan payments and federal allowances. Bonds payable at June 30, 2003, net of unamortized premium, total $1.311 billion.

The State Building Ownership Authority (SBOA) issues bonds for the construction of facilities that are leased to and used by various state entities and which are repaid from the lease income. The Authority issued the 1992 A and B bonds for the construction of office facilities for the Department of Workforce Services–Employment Security and the Department of Corrections, bonds outstanding at June 30, 2003, are $15.785 million and $860 thousand respectively. The Authority issued the 1993 A and B bonds for the construction of office facilities for the Department of Human Services and the Department of Education, at June 30, 2003, bonds outstanding are $3.965 million and $5.430 million respectively. The Authority issued the 1994 A bonds for construction of facilities for four state agencies; $3.700 million of bonds are outstanding at June 30, 2003. The Authority issued the 1995 A bonds for construction of four office facilities to be used by state agencies, the outstanding amount of these bonds at June 30, 2003, is $15.435 million. The Authority issued the 1996 A and B bonds for construction of facilities for five state agencies and three institutions of higher education; at June 30, 2003, $7.455 million and $12.550 million of bonds are outstanding, respectively. The Authority issued the 1997 A bonds for the acquisition and construction of five facilities for the Alcoholic Beverage Control Commission (nonmajor enterprise fund), the outstanding amount of these bonds at June 30, 2003, is $3.510 million. The Authority issued the 1998 A bonds for the construction of a facility for the Alcoholic Beverage Control Commission, construction of a warehouse for the Division of Fleet Operations (internal service fund), acquisition of right-of-ways for the construction of highways, and acquisition of the Youth Corrections Facility previously leased through Salt Lake County; bonds outstanding at June 30, 2003, amounted to $16.565 million. The 1998 B bonds were issued for the construction of student housing at the University of Utah (colleges and universities). The facilities also served as the Olympic Village during the 2002 Winter Games. At June 30, 2003, $28.978 million of bonds were outstanding. This bond is to be repaid at maturity by the Salt Lake Organizing Committee. The 1998 C refunding bond advance refunded $15.655, $60.925, and $29.035 million of the 94 A, 95 A, and 96 A bonds, respectively, to take advantage of lower interest rates; $104.910 million of the bonds are outstanding at June 30, 2003. The Authority issued the 1999 A bonds to build an administration building for the Department of Corrections and the Board of Pardons and Parole Administration, acquire and construct two facilities for the Alcoholic Beverage Commission, and expand a Utah Correctional Industries Facility (nonmajor enterprise fund) at June 30, 2003, $8.835 million of bonds were outstanding. The Authority issued Series 2001 A and Series 2001 C bonds to construct the Huntsman Cancer Research Hospital, bonds outstanding at June 30, 2003 amounted to $69.850 million and $30.300 million respectively. The Authority issued Series 2001 B bonds for the construction of the Soldier Hollow golf course, an Alcoholic Beverage Control Commission warehouse and two retail outlets, and an additional amount to complete a state agency building. At June 30, 2003, $25.750 million of Series 2001 B bonds were outstanding.

The State's Water Loan Programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently has refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivable. At June 30, 2003, the Water Loan Programs had $2.640 million of bonds outstanding, consisting of $575 thousand of Series 1992A Revolving Loan Recapitalization bonds and $2.065 million of Series 1995 Water Refunding bonds.

The colleges and universities have issued bonds for various purposes including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities. Bonds payable at June 30, 2003, net of unamortized premium, totaled $362.32 million.

In the opinion of the bond counsel, the revenue bonds are not a debt, liability, or general obligation of the State of Utah and, therefore, do not impair the legal borrowing capacity of the State.

The enabling legislation for bonds issued by the State Board of Regents (with respect to the Student Assistance Programs), the Utah State Building Ownership Authority, and the Utah Housing Corporation requires or permits these entities to establish debt service reserve funds as reserves for those bonds. The State Financing Consolidation Act also permits the State to establish debt service reserve funds as reserves for obligations issued under that Act. Such reserve funds should be funded to the maximum amount allowed by Federal or statutory law. Should those reserve funds ever fall below their required levels, an appropriation may be sought from the Legislature to cover the deficit. The Legislature may, but is not required to, make such an appropriation. Bonds issued with these types of reserve funds supported by the State are referred to herein as "State Reserve Fund Moral Obligation Bonds."

As of June 30, 2003, the Utah Housing Corporation, the State Board of Regents, and the Utah State Building Ownership Authority have never failed to pay when due the principal of and interest on any State Reserve Fund Moral Obligation Bonds. The reserve funds for the various State Reserve Fund Moral Obligation Bonds have never been below their respective debt service reserve fund requirements. Therefore, to date no appropriation has ever been requested from the Legislature.

Revenue Bonds

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2003
Utah Housing Corporation:			
Single Family Mortgages			
1986 Series A (2)	1993–2016	$ 91,015	$ 360
1990 Series C (2)	1993–2022	$ 38,215	10
1990 Series D (2)	1993–2022	$ 15,000	65
1990 Series E (2)	1993–2022	$ 40,000	465
1991 Series C (2)	1994–2023	$ 25,000	135
1992 Issue E (2)	1995–2025	$ 26,000	4,110
1992 Issue F (2)	1995–2025	$ 26,000	4,345
1993 Issue B (2)	1995–2025	$ 25,000	4,870
1994 Issue A (2)	1996–2026	$ 25,000	6,445
1994 Issue B (2)	1996–2026	$ 25,000	4,460
1994 Issue C (2)	1996–2027	$ 25,000	3,245
1994 Issue D (1)	1996–2027	$ 25,000	1,725
1994 Issue E (1)	1996–2027	$ 25,000	2,160
1994 Issue F (1)	1996–2027	$ 25,000	1,270
1994 Issue G (1)	1997–2027	$ 25,000	425
1995 Issue A (1)	1997–2027	$ 25,000	1,310
1995 Issue B (1)	1998–2012	$ 25,000	2,945
1995 Issue C (1)	1997–2027	$ 25,000	3,385
1995 Issue D (1)	1997–2022	$ 25,000	2,650
1995 Issue E (1)	1997–2028	$ 25,000	4,445
1995 Issue F (1)	1997–2028	$ 25,000	4,165
1995 Issue G (1)	1997–2027	$ 25,000	5,550
1995 Issue H (1)	1997–2027	$ 25,000	4,915
1995 Issue I (1)	1997–2027	$ 25,000	7,425
1996 Series (1)	1997–2009	$ 32,440	1,950
1996 Issue A (1)	1998–2028	$ 25,000	6,400
1996 Series R (1)	1997–2016	$ 62,400	13,585
1996 Series B (1)	2006–2027	$ 25,000	6,490
1996 Series C (1)	2006–2028	$ 25,000	5,390
1996 Series D (1)	2006–2028	$ 25,000	8,105
1996 Series E (1)	1998–2027	$ 25,000	8,725
1997 Series A (1)	1998–2027	$ 25,000	8,350
1997 Series B (1)	1999–2028	$ 25,000	8,940
1997 Series C (1)	1999–2028	$ 25,000	9,310
1997 Series D (1)	1999–2029	$ 25,000	11,090
1997 Series E (1)	1999–2029	$ 25,000	12,215
1997 Series F (1)	1999–2029	$ 25,000	11,750
1997 Series G (1)	1999–2029	$ 25,000	11,620
1998 Series A (1)	2000–2029	$ 25,000	13,340
1998 Series B (1)	2000–2029	$ 25,000	14,435
1998 Series C (1)	2000–2029	$ 25,000	15,430
1998 Series D (1)	2000–2030	$ 25,000	15,670
1998 Issue E (1)	2005–2030	$ 25,000	15,625
1998 Issue F (1)	2000–2030	$ 25,000	18,640
1998 Series G (1)	2000–2030	$ 30,000	23,155
1999 Series A (1)	2000–2030	$ 30,000	22,205
1999 Series B (1)	2001–2030	$ 27,500	20,980
1999 Series C (1)	2001–2031	$ 30,000	18,630
1999 Series D (1)	2002–2031	$ 30,000	19,740
1999 Series E (1)	2001–2031	$ 30,000	18,680
1999 Series F (1)	2001–2031	$ 30,000	17,705

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2003
2000 Series A (1)	2002–2031	$ 25,000	$ 9,435
2000 Series B (1)	2010–2031	$ 25,000	10,775
2000 Series C (1)	2014–2031	$ 25,000	22,575
2000 Series D (1)	2010–2031	$ 25,000	18,890
2000 Series E (1)	2010–2032	$ 25,000	18,810
2000 Series F (1)	2002–2031	$ 25,000	21,480
2000 Series G (1)	2003–2032	$ 25,000	23,220
2001 Series A (1)	2003–2032	$ 25,000	24,060
2001 Series B (1)	2016–2032	$ 25,000	23,795
2001 Series C (1)	2017–2033	$ 25,000	24,005
2001 Series D (1)	2018–2033	$ 25,000	24,620
2001 Series E (1)	2018–2033	$ 25,000	24,495
2001 Series F (1)	2018–2033	$ 25,000	24,450
2002 Series A (1)	2018–2033	$ 28,515	27,715
2002 Series B (1)	2018–2033	$ 25,000	25,000
2002 Series C (1)	2010–2033	$ 28,055	28,055
2002 Series 2 (1)	2033	$ 29,560	20,060
2002 Series D (1)	2003–2023	$ 25,000	25,000
2002 Series E (1)	2004–2034	$ 25,000	25,000
2002 Series F (1)	2012–2034	$ 25,000	25,000
2002 Series G (1)	2004–2034	$ 28,500	28,500
2002 Series 3 (1)	2010	$ 215	215
2002 Series 4 (1)	2033	$ 1,520	1,520
2003 Series A (1)	2013–2034	$ 25,000	25,000
2003 Series B (1)	2005–2034	$ 29,500	29,500
2003 Series C (1)	2005–2034	$ 25,000	25,000
2003 Series 1 (1)	2016	$ 2,910	2,910
2003 Series 2 (1)	2034	$ 63,195	63,195
Subtotal – Single Family Mortgages			1,051,315
Multi-Family Mortgages			
1985 Series B (1)	2007	$ 6,500	335
1992 Issue A (2)	2024	$ 22,130	12,400
1993 Issue A (2)	2024	$ 1,350	305
1994 Issue A (1)	1994–2019	$ 3,710	3,055
1995 Issue Cottonwood Project (1)	1996–2025	$ 7,400	6,665
1995 Issue A & B (1)	2003–2036	$ 4,695	4,485
1996 Issue A, B & C (1)	2028	$ 4,540	4,264
1996 Series A (1)	1997–2022	$ 10,320	6,440
1997 Series A & B (1)	2002–2027	$ 9,320	9,005
1998 Series Heather Estates Project (1)	2000–2029	$ 9,800	7,860
1998 Series A, B & C Hartland (1)	2012–2028	$ 10,710	10,079
1998 Aspen Villas Project (1)	1999–2028	$ 6,360	5,875
1998 Series B (1)	1999–2016	$ 10,434	10,213
1999 Series A & B (1)	2010–2037	$ 13,795	13,620
1999 Country Oaks (1)	2011–2041	$ 3,195	3,165
1999 Series A & B Bay Harbour (1)	2031	$ 3,600	3,535
1999 Series A, B & C Todd Hollow (1)	2033	$ 12,195	12,195
2000 Series A & B The Riverview (1)	2012–2030	$ 6,150	5,990

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2003
2000 Series A Holiday Village (1)	2032	$ 4,030	$ 3,565
2000 Series A Shaleh Meadows (1)	2010–2033	$ 6,600	6,600
2000 Series Tooele Gateway (1)	2033	$ 3,263	3,263
2001 Issue Candlestick (1)	2036	$ 6,400	6,400
2001 Series Kings Row (1)	2016–2033	$ 7,500	7,500
2001 Series Diamond Fork (1)	2022	$ 3,525	3,525
2001 Series Rose Cove (1)	2022	$ 6,705	6,705
2001 Series Mill Creek II Project (1)	2019	$ 1,850	1,832
2001 Series A Haven Point Project (1)	2026–2043	$ 11,100	11,100
2001 Series A Holly Stonehedge I Village Square II (1)	2018–2037	$ 6,895	6,835
2002 Series A The Bluffs Apartment Project (1)	2018–2044	$ 11,700	11,700
2002 Series A Bountiful Retreat Project (1)	2007–2043	$ 4,635	4,635
2002 Series A City Front (1)	2006–2035	$ 9,700	9,700
2002 Series A Canyon View (1)	2014–2044	$ 4,100	4,100
2003 Series A Sunset Ridge (1)	2028–2045	$ 15,500	15,500
2003 Series A Coppergate (1)	2027–2045	$ 14,100	14,100
2003 Series A Layton Pointe (1)	2035	$ 3,800	3,800
Subtotal – Multi-Family Mortgages			240,346
Total Utah Housing Corporation Bonds			$ 1,291,661
Board of Regents/Student Loan Bonds:			
1988 Series C (2)	2013	$ 25,000	$ 25,000
1993 Series A (2)	2023	$ 35,000	35,000
1993 Series B (2)	2003–2013	$ 42,400	36,500
1993 Series C (2)	2005	$ 17,170	3,265
1993 Series D (2)	2018	$ 3,600	3,600
1994 Series J (2)	2006	$ 3,250	3,250
1994 Series K (2)	2024	$ 20,500	20,500
1995 Series L (2)	2025	$ 79,500	79,500
1995 Series N (2)	2008	$ 8,450	8,450
1996 Series P (2)	2006–2008	$ 9,300	9,300
1996 Series Q (2)	2031	$ 49,700	49,700
1997 Series R (2)	2031	$ 51,355	51,355
1997 Series E (2)	2027	$ 80,000	80,000
1997 Series F (2)	2006–2008	$ 10,900	10,900
1998 Series G (2)	2033	$ 49,500	49,500
1998 Series H (2)	2006	$ 15,075	5,000
1998 Series I (2)	2007–2008	$ 5,300	5,300
1998 Series J (2)	2033	$ 40,000	40,000
1999 Series K (2)	2033	$ 29,500	29,500
1999 Series L (2)	2033	$ 40,000	40,000
1999 Series M (2)	2033	$ 20,000	20,000
1999 Series N (2)	2008	$ 23,000	23,000
1999 Series O (2)	2038	$ 102,000	102,000
2000 Series S (2)	2008	$ 44,000	44,000
2000 Series T (2)	2035	$ 49,500	49,500
2000 Series U (2)	2039	$ 35,000	35,000
2001 Series P (2)	2035	$ 45,000	45,000
2001 Series Q (2)	2035	$ 10,000	10,000
2001 Series R (2)	2040	$ 75,000	75,000
2001 Series S (2)	2041	$ 100,100	100,100

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2003
2001 Series T (2)	2036	$ 12,350	$ 12,350
2001 Series U (2)	2009–2010	$ 7,565	7,565
2002 Series V (2)	2036	$ 65,000	65,000
2002 Series W (2)	2036	$ 9,250	9,250
2002 Series Office Facility Project (2)	2022	$ 8,152	7,884
2002 Series X (2)	2009	$ 35,850	35,850
2003 Series Y (2)	2037	$ 83,900	83,900
Total Board of Regents/Student Loan Bonds			$ 1,311,019
Utah State Building Ownership Authority and Water Loan Programs:			
1992 A Revolving Loan Recapitalization Program (2)	1993–2004	$ 5,065	$ 575
1992 A Utah State Building Ownership Authority Refunding (2)	1993–2011	$ 26,200	15,785
1992 B Utah State Building Ownership Authority (2)	1994–2011	$ 1,380	860
1993 A Utah State Building Ownership Authority (2)	1995–2013	$ 6,230	3,965
1993 B Utah State Building Ownership Authority (2)	1995–2014	$ 8,160	5,430
1994 A Utah State Building Ownership Authority (1)	1995–2005	$ 30,915	3,700
1995 A Utah State Building Ownership Authority (1)	1996–2007	$ 93,000	15,435
1995 Water Refunding Recapitalization Program (2)	1996–2005	$ 8,430	2,065
1996 A Utah State Building Ownership Authority (1)	1997–2007	$ 44,725	7,455
1996 B Utah State Building Ownership Authority (1)	1999–2013	$ 16,875	12,550
1997 A Utah State Building Ownership Authority (1)	1999–2018	$ 4,150	3,510
1998 A Utah State Building Ownership Authority (1)	1999–2020	$ 25,710	16,565
1998 B Utah State Building Ownership Authority – Capital Appreciation (1)	2005	$ 23,091	28,978
1998 C Utah State Building Ownership Authority (1)	2000–2019	$ 105,100	104,910
1999 A Utah State Building Ownership Authority (1)	2001–2021	$ 9,455	8,835
2001 A Utah State Building Ownership Authority (1)	2005–2021	$ 69,850	69,850
2001 B Utah State Building Ownership Authority (1)	2002–2024	$ 25,780	25,750
2001 C Utah State Building Ownership Authority (1)	2005–2021	$ 30,300	30,300
Total Utah State Building Ownership Authority and Water Loan Programs			$ 356,518

Continues

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

continued

(Expressed in Thousands)

Revenue Bonds	Maturity Date	Original Issues	Outstanding June 30, 2003
Colleges and Universities:			
University of Utah (1)	2006–2027	$ 307,640	$ 241,036
Utah State University (1)	2003–2020	$ 72,935	44,565
Weber State University (1)	2003–2031	$ 20,995	17,525
Southern Utah University (1)	2014–2023	$ 20,545	15,745
Utah Valley State College (1)	2011–2014	$ 19,565	17,830
Dixie State College of Utah (1)	2010–2023	$ 10,790	9,065
College of Eastern Utah (1)	2022	$ 1,250	1,070
Salt Lake Community College (1)	2004–2016	$ 23,205	15,085
Total Colleges and Universities			$ 361,921

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

Population

On April 1, 2000, the U.S. Census Bureau conducted the 22nd decennial census. The decennial census is the only national survey providing consistent, uniform measures and data for every geographic area in the nation. The results capture a picture in time of the population of Utah; who we are, how we have changed, and the direction we are heading–demographically, socially, and economically. Utah's April 1, 2000, population was 2,233,169. This represents a population increase of 510,319 persons, or 29.6 percent from 1990, ranking Utah fourth among states in the rate of population growth from 1990 to 2000. Utah's population grew more than twice as fast as the U.S. (13.2 percent) during this ten year period.

Utah continues to have the youngest population in the nation. However, the median age increased over the decade from 26.3 years in 1990 to 27.1 years in 2000. Utahns under age 18 accounted for 32.2 percent of the total population in 2000, while those 65 years and over accounted for only 8.5 percent of the population. Males in Utah accounted for 50.1 percent of the population in 2000, compared to 49.7 percent in 1990, while females accounted for 49.9 percent of the population in 2000, down from 50.3 percent in 1990. Utah has the largest households in the nation with average household size of 3.13 compared with 2.59 for the U.S. The size of families in Utah is also the largest in the nation at 3.57 compared with the national average of 3.14.

Salt Lake County continues to be the State's largest county with a population of 927,564 in 2002, followed by Utah County (398,056), Davis (250,265), and Weber (203,377). Three out of every four people in the State live in the northern metropolitan area, including Weber, Davis, Salt Lake, and Utah Counties, where 1,779,262 residents, or 76 percent of the State's population reside.

Year	Population
1970	1,066,000
1980	1,474,000
1990	1,729,000
1995	1,995,000
1996	2,043,000
1997	2,099,000
1998	2,142,000
1999	2,193,000
2000	2,247,000
2001	2,296,000
2002	2,339,000
2003	2,378,000

Source: Utah Population Estimates Committee at July 1 each year.

Taxable Retail Sales and Personal Income

The following table shows the gross taxable retail sales, total personal income, and per capita income in Utah for the last ten years.

Year Ended December 31	Gross Taxable Retail Sales (A) (in millions)	Total Personal Income (B) (in millions)	Per Capita Personal Income (B)	Per Capita Percent of Change From Previous Year
1993	$ 19,341	$ 31,950	$ 16,830	3.8%
1994	$ 21,527	$ 34,579	$ 17,638	4.8%
1995	$ 23,609	$ 37,278	$ 18,508	4.9%
1996	$ 25,844	$ 40,354	$ 19,514	5.4%
1997	$ 26,829	$ 43,696	$ 20,613	5.6%
1998	$ 28,645	$ 46,772	$ 21,594	4.8%
1999	$ 29,999	$ 48,923	$ 22,202	2.8%
2000	$ 31,645	$ 52,518	$ 23,411	5.4%
2001	$ 32,426	$ 54,764	$ 24,033	2.7%
2002	$ 32,512	$ 55,953	$ 24,157	0.5%

(A) Source: Utah State Tax Commission based on sales and use tax reports.
(B) Source: U.S. Department of Commerce, Bureau of Economic Analysis, July 2003

State Of Utah

Personal Income by Sector

For the Last Two Calendar Years (**A**) (Expressed in Millions)

	2001	2002	Percent Change 2001 to 2002
Government Sector:			
Federal Civilian	$ 2,068	$ 2,185	5.7%
Federal Military	458	561	22.5
State and Local	5,403	5,734	6.1
Total Government	7,929	8,480	6.9
Private Sector:			
Mining	476	450	(5.5)
Construction	3,034	2,935	(3.3)
Manufacturing	5,148	4,852	(5.7)
Trade, Transportation, and Utilities	7,558	7,680	1.6
Information	1,603	1,490	(7.0)
Financial Activity	2,991	3,140	5.0
Professional and Business Services	6,002	5,839	(2.7)
Education and Health Services	3,673	3,942	7.3
Leisure and Hospitality	1,828	2,015	10.2
Other Services	1,697	1,711	0.8
Farm Income	297	238	(19.9)
Total Private	34,307	34,292	(0.0)
(Less) Social Insurance Contribution	(2,406)	(2,483)	3.2
Plus (Less) Residence Adjustment	27	2	(92.6)
Plus Dividends, Interest, and Rent	9,062	9,172	1.2
Plus Transfer Payments	5,845	6,490	11.0
Total Personal Income	$ 54,764	$ 55,953	2.2%

(A) Only two years of comparative data is presented because of changes in the industry classification system from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001

Source: Utah Department of Workforce Services

Composition of Labor Force

Annual Average — For the Last Three Calendar Years (**A**)

	2000	2001	2002
Nonagricultural Jobs:			
Government	185,349	190,117	195,246
Mining	7,291	7,209	6,880
Construction	72,309	71,620	67,838
Manufacturing	125,784	122,092	113,873
Trade, Transportation, and Utilities	219,823	219,954	216,032
Information	35,927	33,514	31,004
Financial Activity	58,731	62,214	63,352
Professional and Business Services	139,533	136,646	131,912
Education and Health Services	104,855	109,520	113,696
Leisure and Hospitality	95,391	98,328	100,943
Other Services	29,886	30,471	32,970
Total Non-Farm Jobs	1,074,879	1,081,685	1,073,746
Civilian Labor Force	1,104,208	1,161,070	1,180,007
Total Employed	1,068,371	1,110,359	1,107,946
Unemployed	35,837	50,711	72,061

(A) Only three years of comparative data is presented because of changes in the industry classification system from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001. The Utah Department of Workforce Services provided calendar year 2000 data that conforms to the NAICS groupings.

Sources: Utah Department of Workforce Services; U.S. Bureau of Labor Statistics

Average Annual Unemployment Rate

For the Last Five Calendar Years

Year	Utah (A)	U.S. (B)
1999	3.7%	4.2%
2000	3.2%	4.0%
2001	4.4%	4.8%
2002	6.1%	5.8%
2003*	5.7%	6.1%

* 2003 figures are a forecast.

Source: (A) Utah Department of Workforce Services
(B) Employment and Earnings – Bureau of Labor Statistics

State Of Utah

Gross Taxable Retail Sales and Use Tax Purchases

For the Last Five Calendar Years (Expressed in Thousands)

	Gross Taxable Retail Sales and Purchases					Percent Change	Percent Change
	1998	1999	2000	2001	2002	2000 to 2001	2001 to 2002
Major Industry:							
Agriculture, Forestry, and Fishing	$ 22,612	$ 26,499	$ 32,173	$ 35,596	$ 37,667	10.6%	5.8%
Mining.....	259,042	180,267	202,157	207,660	157,344	2.7	(24.2)
Construction.....	399,802	421,476	407,857	368,364	315,095	(9.7)	(14.5)
Manufacturing.....	1,601,027	1,539,452	1,543,234	1,587,075	1,369,021	2.8	(13.7)
Transportation.....	122,686	140,231	149,218	144,106	96,434	(3.4)	(33.1)
Communications	1,058,492	1,191,317	1,414,682	1,557,602	1,439,856	10.1	(7.6)
Electric, Gas, and Sanitation	1,108,613	1,060,964	1,177,946	1,409,270	1,523,791	19.6	8.1
Wholesale Trade	3,157,047	3,278,676	3,444,614	3,278,275	3,099,989	(4.8)	(5.4)
Retail – Building and Garden.....	1,351,362	1,476,047	1,425,560	1,458,472	1,486,673	2.3	1.9
Retail – General Merchandise.....	2,462,660	2,619,315	2,797,187	3,109,893	3,598,472	11.2	15.7
Retail – Food Stores.....	3,381,050	3,492,673	3,640,537	3,517,793	3,202,859	(3.4)	(9.0)
Retail – Motor Vehicle Dealers, Etc .	2,965,019	3,175,267	3,389,595	3,576,620	3,734,295	5.5	4.4
Retail – Apparel and Accessories.....	756,543	759,845	789,358	803,018	831,992	1.7	3.6
Retail – Furniture and Home Furnishings.....	1,335,021	1,350,922	1,371,176	1,312,754	1,366,026	(4.3)	4.1
Retail – Eating and Drinking Places .	1,676,822	1,814,710	1,906,402	1,945,538	2,013,285	2.1	3.5
Retail – Miscellaneous.....	1,728,157	1,804,517	1,958,130	2,023,517	2,122,603	3.3	4.9
Finance, Insurance, and Real Estate..	423,481	449,726	469,097	442,357	457,361	(5.7)	3.4
Services.....	3,698,830	3,900,743	4,276,454	4,267,008	4,157,216	(0.2)	(2.6)
Public Administration	59,288	67,973	66,505	67,043	77,846	0.8	16.1
Private Motor Vehicle Sales	538,853	509,906	605,250	613,687	597,282	1.4	(2.7)
Occasional Retail Sales.....	64,033	61,256	71,489	110,828	96,477	55.0	(12.9)
Nondisclosable.....	7,015	22,849	31,164	36,438	34,313	16.9	(5.8)
Prior Period Payments, Refunds	467,854	653,910	475,228	553,275	696,254	16.4	25.8
Total.....	$28,645,309	$29,998,541	$31,645,013	$32,426,189	$32,512,151	2.5%	0.3%

Source: Utah State Tax Commission

Bank Deposits

For the Last Ten Fiscal Years (Expressed in Thousands)

Year Ended June 30	Bank Deposits
1993.....	$ 14,287,707
1994.....	$ 15,460,358
1995.....	$ 16,683,077
1996.....	$ 18,315,221
1997.....	$ 20,417,555
1998.....	$ 21,522,892
1999.....	$ 24,060,069
2000.....	$ 43,296,445 *
2001.....	$ 87,155,101 *
2002.....	$ 90,890,502 *

* Significant changes in certain banking operations resulted in a substantial increase in deposits starting in 2000.
Source: 2002/Sheshunoff Information Services, Inc.

State Of Utah

Largest Employers

Annual Average 2002

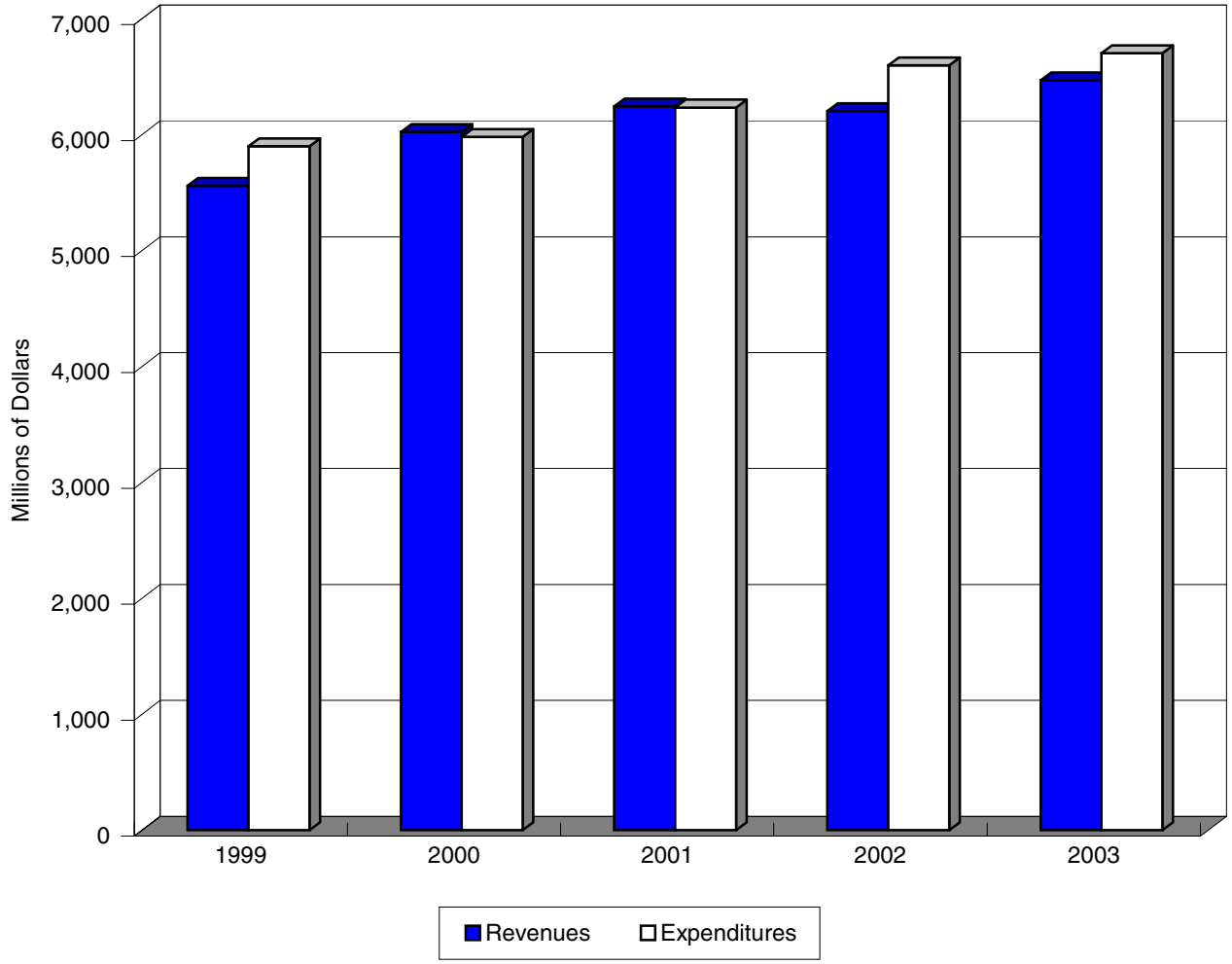
Firm Name	Business	Employee Range
State of Utah	State Government	22,000+
Intermountain Health Care (IHC)	Hospitals and Clinics	22,000+
University of Utah (Includes Hospital)	Higher Education	15,000–19,999
Brigham Young University	Higher Education	15,000–19,999
Hill Air Force Base	Military Installation	10,000–14,999
Jordan School District	Public Education	7,000–9,999
Wal-Mart Stores	Department Stores	7,000–9,999
Granite School District	Public Education	7,000–9,999
Convergys	Telemarketing	7,000–9,999
Kroger Group Cooperative	Retail Stores	5,000–6,999
Internal Revenue Service	Federal Government	5,000–6,999
Davis County School District	Public Education	5,000–6,999
Utah State University	Higher Education	5,000–6,999
Salt Lake County	Local Government	5,000–6,999
U.S. Postal Service	Mail Distribution	5,000–6,999
Alpine School District	Public Education	5,000–6,999
Novus (Discover Card)	Consumer Loans	5,000–6,999
Albertsons	Grocery Stores	4,000–4,999
Delta Airlines	Air Transportation	4,000–4,999
Autoliv ASP (Morton Int'l.)	Automotive Components Manufacturing	4,000–4,999
ATK Aerospace Company	Aerospace Equipment Manufacturing	4,000–4,999
Salt Lake School District	Public Education	3,000–3,999
Weber County School District	Public Education	3,000–3,999
United Parcel Service	Courier Service	3,000–3,999
Icon Health & Fitness	Exercise Equipment Manufacturing	3,000–3,999
Zions First National Bank	Banking	3,000–3,999
Salt Lake City Corporation	Local Government	3,000–3,999
Weber State University	Higher Education	2,000–2,999
Qwest Communications	Telephone Service/Communications	2,000–2,999
Salt Lake Community College	Higher Education	2,000–2,999
Home Depot	Building Supply Store	2,000–2,999
Nebo School District	Public Education	2,000–2,999
Washington County School District	Public Education	2,000–2,999
Provo City School District	Public Education	2,000–2,999
Utah Valley State College	Higher Education	2,000–2,999
Skywest Airlines	Air Transportation	2,000–2,999
PacificCorp (Utah Power)	Electric Power Generation and Distribution.	2,000–2,999
JC Penney Company	Department Stores	2,000–2,999

Source: Utah Department of Workforce Services, Workforce Information

State Of Utah

Revenues and Expenditures
All Governmental Fund Types

For the Last Five Fiscal Years



Revenues and Expenditures

(Dollars Expressed in Millions)

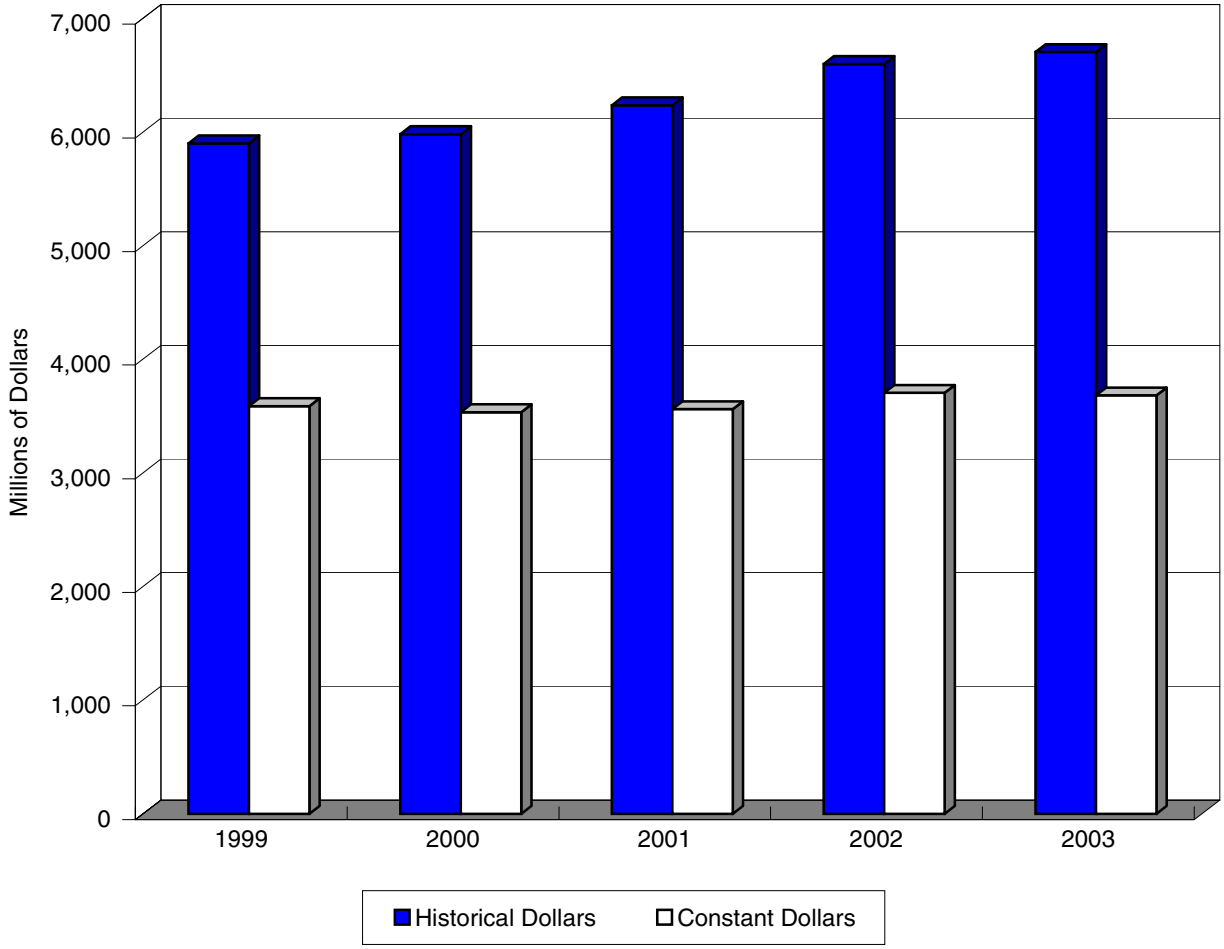
	1999	2000	2001 (A)	2002 (B)	2003 (B)
Revenues and Liquor Control Profit Transfer	$ 5,559	$ 6,023	$ 6,243	$ 6,202	$ 6,468
Percent Change Over Previous Year	4.9%	8.3%	3.7%	n/a	4.3%
Expenditures	$ 5,900	$ 5,980	$ 6,234	$ 6,598	$ 6,703
Percent Change Over Previous Year	4.6%	1.4%	4.2%	n/a	1.6%

(A) Prior to fiscal year 2002, revenues and expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues and expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

Expenditures
Historical and Constant Dollars
All Governmental Fund Types

For the Last Five Fiscal Years



Expenditures

(Dollars Expressed in Millions)

	1999	2000	2001 (B)	2002 (C)	2003 (C)
Historical Dollars	$ 5,900	$ 5,980	$ 6,234	$ 6,598	$ 6,703
Percent Change Over Previous Year	4.6%	1.4%	4.2%	n/a	1.6%
Constant Dollars (A)	$ 3,586	$ 3,532	$ 3,560	$ 3,703	$ 3,681
Percent Change Over Previous Year	2.8%	(1.5)%	0.8%	n/a	(0.6)%

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers. Base Year 1982–1984 = 100

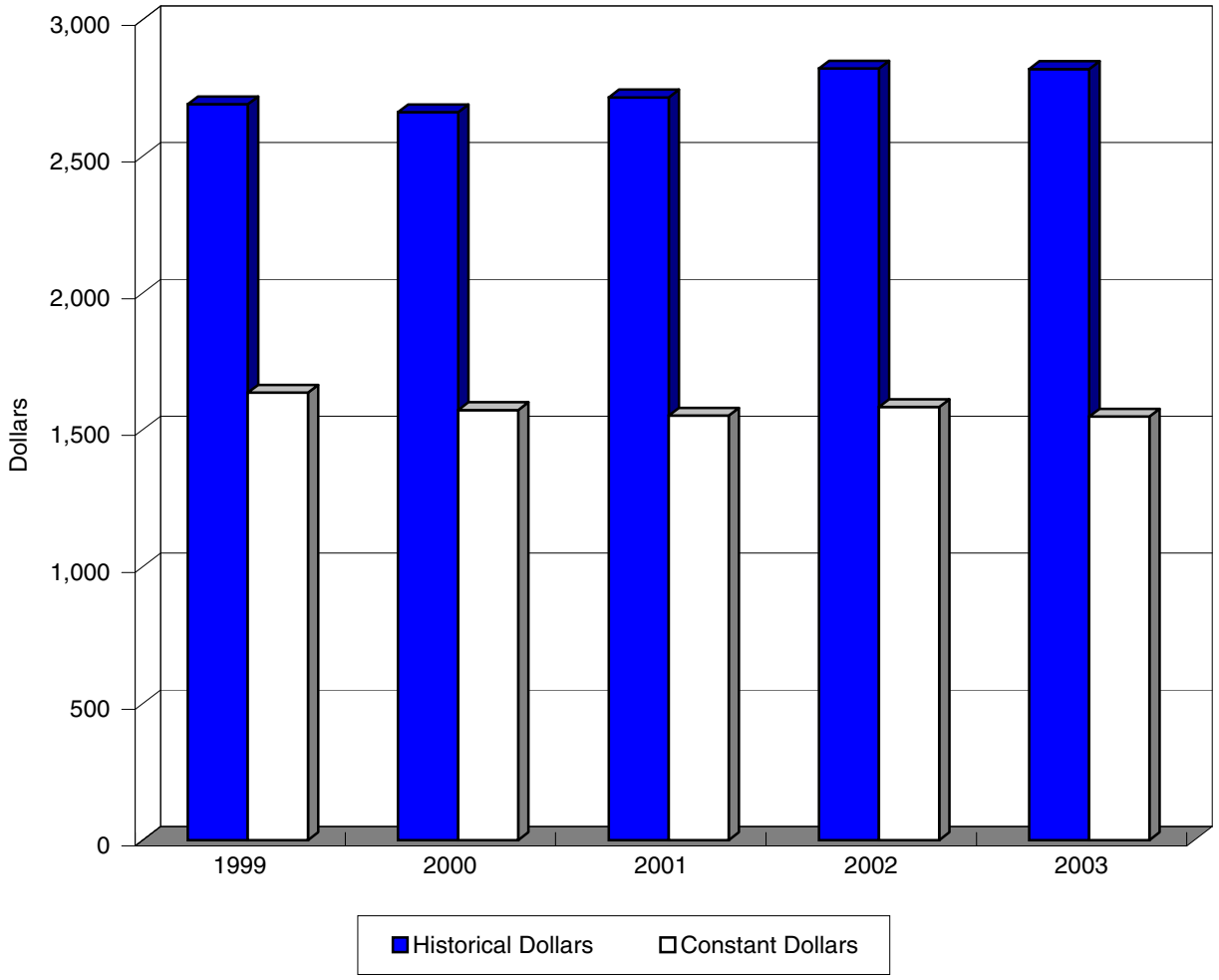
(B) Prior to fiscal year 2002, expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

State Of Utah

Per Capita Expenditures
Historical and Constant Dollars
All Governmental Fund Types

For the Last Five Fiscal Years



Per Capita Expenditures

	1999	2000	2001 (B)	2002 (C)	2003 (C)
Historical Dollars	$ 2,690	$ 2,661	$ 2,715	$ 2,821	$ 2,819
Percent Change Over Previous Year	2.1%	(1.1)%	2.0%	n/a	(0.1)%
Constant Dollars (A)	$ 1,635	$ 1,572	$ 1,551	$ 1,583	$ 1,548
Percent Change Over Previous Year	0.4%	(3.9)%	(1.3)%	n/a	(2.2)%

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers. Base Year 1982–1984 = 100

(B) Prior to fiscal year 2002, expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported 2002 and thereafter, are not comparable to prior years.